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BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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## Part I: Co-operation and Association

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### AUSTRIA.

#### AGRICULTURAL CO-OPERATION IN AUSTRIA DURING THE FIRST FIVE MONTHS OF WAR.

*(August-December, 1914).*

Agricultural co-operation generally and above all agricultural co-operative credit in the territories of the belligerent States is now passing through a period of crisis, the effects of which it is well to take into consideration as they may furnish useful lessons for the future. It is perhaps superfluous to say that co-operation has never been put to so severe a test as in this period; and the fact that it can hold its own under the present adverse circumstances is evidence of the wisdom of its principles and the solidity of the institutions that have been founded to carry them out.

Let us first of all briefly summarise the decrees and provisions issued by the Agricultural Department and the other Departments at Vienna, directly concerned with agricultural co-operation.

Immediately on the outbreak of the war, the Minister of Agriculture, Jenker, issued a Decree by which the rural population was assured that the funds deposited in the rural banks ran no risks and that, consequently, there was no reason for fear in regard to their safety and the solidity of the banks themselves.

On August 2nd., he issued a second Decree addressed to all the agricultural corporations and co-operative federations in which he showed how necessary it was to restrict the grant of credits within the limits of what was absolutely necessary, above all in the case of those that involved a demand for assistance on the part of the State. In order to meet these exceptional conditions, the Department advised the most rigid economy and announced that the payment of the second part of the subventions to



which the corporations and federations in question were entitled would be suspended.

The savings obtained by means of the above economies should, at least in part, supply the needs that under ordinary circumstances were met out of the Government subventions.

The decree of August 14th., 1914, issued by the Department of Agriculture and addressed to the agricultural corporations and co-operative federations, in regard to the continuation of the work of the dairies and cheese dairies, also comes within the sphere of agricultural co-operation. As a result of the general mobilisation ordered in the whole Austro-Hungarian Monarchy, a great diminution of activity in every branch of the national economy, especially in the rural districts, through the deficiency of labourers, was to be foreseen. However, as the war broke out in the height of summer, at a moment, that is to say, when a large part of the crops were already harvested or ready to be harvested (this is especially true in regard to the districts of Austria, cultivated with grain and utilised as meadow land, and less so in regard to the viticultural districts, which, however, as compared with the former, occupy but a small portion of the cultivated area), the number of the labourers could be diminished without quite arresting or paralysing the work in the offices of the farms and in the fields. It is otherwise in the case of those branches of rural economy that cannot endure a reduction of their strength, and amongst these one of the most important is that connected with the treatment of milk, that is to say the whole dairy industry, which in Austria is largely carried on on co-operative principles. Milk, butter and cheese are articles of the first necessity for which substitutes cannot easily be found, and a large part of the urban population, and even more of the rural population, have daily need of them. For these reasons, the Agricultural Department at Vienna addressed the above instructions to the Rural Corporations and their federations, urging them to interest themselves especially in this branch of rural industry and take all the necessary steps to prevent a reduction of the production through deficiency of workmen, by the substitution, as far as possible of female labour for male labour, of which there is a total or partial lack.

The decree of the Department of Justice of August 11th., 1914, relative to the temporary suspension of inspections, has also its importance for co-operation. It is known that by virtue of the law of June 10th., 1903, Boll. L. I., no. 133, every economic consortium founded in accordance with the law No. 70 of April 5th., 1873, must submit to a general inspection every two years; the Federations were charged with the duty of carrying out these inspections. In consequence of the mobilisation and of the fact that not a few of the inspectors were called on for active military service many Federations legally authorised for the work of inspection were unable to carry out the work within the limits established by the law. In consequence of this, the Department of Justice forwarded to the President of the Courts of Appeal a decree by which, in substance, the Federations were relieved from the obligation of inspecting the consortiums, without

rendering themselves liable to the provisions laid down in § 5 I of the Ministerial Order of June 24th., 1903. Boll. L. I. No. 134.

Finally, we must speak of the moratorium of July 31st., 1914, which fixed at 200 crowns the amount of the deposits demand for withdrawal of which might be made to the Banks, savings banks and rural banks. This amount seemed too high in the case of the Rural Banks (of Raiffeisen system) as the great majority of the deposits in them do not exceed the amount of 200 crowns; so application was made for its reduction and the Government considered this in the Imperial Order (§ 14 of the State Constitution of date of December 21st., 1867. Boll. L. I. No. 141) of August 17th., 1914, for the continuation of the moratorium decreed on the preceding July 31st. By this Order the amount of the repayments to be claimed from the Raiffeisen Banks, was reduced to 50 crs.

\* \*

It is difficult, under existing circumstances to speak of the exact situation of agricultural co-operation in Austria to-day; in any case, it is not the time to pronounce any final judgment on the matter. For that we should have full knowledge of the facts, but to-day our knowledge is incomplete; whilst it is evident that the consequences of the present situation, and the effects of the war on agricultural co-operation generally will only be fully evident in the future, when the present situation has attained its full development and the critical period which agricultural co-operation is now going through has been passed. The elements we possess are, however, sufficient to allow of our analysing even now the existing situation of agricultural co-operation in Austria; we shall begin with the most important branch in which so much of its action is displayed, that of agricultural co-operative credit.

From what has been published in the technical papers and above all in the "*Oesterreichische landwirtschaftliche Genossenschaftspresse*", it seems clear that the Raiffeisen Banks have not had to contend with serious difficulties through runs upon them due to panic and want of confidence in their financial solidity. The withdrawals made do not amount to excessively large sums, when the situation is considered, and were largely due to the real requirements of the population, above all because many called upon for active service did not neglect to provide themselves before going with the money required to meet the expenditure they would presumably incur in the course of the war. The departure of many employees of the Rural Banks for the purpose of joining their regiments, indeed, caused some difficulties, but these were soon overcome by means of their speedy substitution, and in this way the Rural Banks could continue undisturbed in the exercise of their activity, with the efficient support of the Federations and Central Banks. We must here point out the practical advantage the Central Banks have above all proved themselves in the

present contingency, showing themselves most useful, and to them it is largely to be attributed if the Rural Banks have been able to survive the crisis without being too severely shaken and without suffering serious loss. Without the assistance and support of these institutes, which are real clearing houses for the rural banks, it is certain that agricultural co-operative credit would have suffered much more severely by the state of war and that many banks would have failed. With a view to the development of co-operation in ordinary times, we must insist on the fact that the war has shown not only the advantage but the indispensable necessity both of Federations and Central Banks, of which it has often been said that they are not only useless but even injurious.

From what has been said above, it is evident that the chief burden of the situation fell on the central co-operative banks; their task was and is anything but easy. The applications for money made by the rural banks exceeded, on account of their actual requirements, the ordinary limits, and the central banks, to which the moratorium gave little protection, had to obtain the necessary amounts, as they could, which was, in certain cases, only possible after great difficulties had been overcome and it was not possible to meet the demands to their full amount. The Raiffeisen Banks had, therefore, to adapt themselves to the circumstances of the moment and be rather sparing in granting new loans. Besides, the scarcity of money had already rendered the work of the central co-operative banks of Austria difficult for some time past; under existing conditions, this was felt even more intensely and caused more serious embarrassment than in ordinary times. It was therefore necessary to raise the rate of interest and to apply to the Austro-Hungarian Bank for credit.

At this moment Austria feels the want of a Central Clearing House (*Zentral-Geldausgleichsstelle*) to facilitate the work and administration of personal credit on a co-operative basis on the model of that possessed by the German co-operative societies in the "Prussian Central Co-operative Bank" (*Preussische Central-Genossenschaftsbank*).

As regards the institution of the "War Loan Bank" (*Kriegsdarlehenskasse*) let it suffice to say that it is not the intention of the Finance Department at Vienna that it should serve also for agricultural credit on co-operative lines. The funds of this Bank are reserved exclusively for industry and commerce and, although the representatives of the interests of agriculture have endeavoured to arrange in order that agriculture may be allowed to benefit by this Bank, the Department of Finance has not yet authorized this.

\* \* \*

We have still to speak of agricultural co-operation in connection with distribution, production and sale. We may say generally, in regard to all these departments of co-operation, that the agricultural consortiums in the first months of the war had a by no means easy task before them, that of supply

the War Department. We mention this fact, which has occurred for the first time in the history of co-operation in the whole world, and insist on its importance; indeed, the agricultural co-operative societies, when this duty was entrusted to them, had to solve a difficult problem, of undoubted importance for the whole national economy. In Austria very recently, in 1912, laws were passed on this subject, known as the "Laws for Assistance in case of War" (*Kriegsleistungsgesetze*) of December 26th., 1912. Boll. Imp. No. 236; the supply of grain to the army in time of war was regulated by § 28 of the law. The War Department, however, decided, on the proposal and with the help of the Agricultural Department, to entrust the agricultural consortiums with the supply of grain and thus for the moment to postpone the application of the law on assistance in case of war. The large Federations of Lower Austria, Bohemia and Moravia (accepting the charge and, with the support of the Elevator Consortiums (*Lagergenossenschaften*) and other co-operative societies, supplied the army with many thousand truckloads of grain for bread, besides cattle foods and meat at prices fixed by the War Department. But, owing to there being no organization for centralising this most important service, the work of the Federations, initiated with good success, had later on to struggle against serious difficulties; in fact, the purchase of grain soon degenerated into a matter of speculation on the part of public and private institutions which competed with the Federations and bought grain at prices higher than those fixed by the War Department, in this way rendering the purchase more difficult for the Federations. Let us also add that maximum prices for grain and flour had not been fixed and nothing was done in the way of energetically resisting the accumulation of produce in the hands of purchasers and speculators, by which the continual rise of prices might have been checked. The consequence of all this was that at the end of September the Federations were compelled to suspend the large supplies of grain they had up to then made and the War Department applied the law on assistance in case of war for the purpose of obtaining supplies of grain. We have not yet sufficient figures to show, exactly, the share the consortiums and federations took in supplying the army and we shall limit ourselves therefore to giving a few figures to show at any rate the share the co-operative institutions took in supplying the forces in the field. The Federation of Lower Austria supplied 1,575 truckloads of grain for an amount of 3,785,000 cs., besides large quantities of hay, straw and oats; in Bohemia, the Federation of the Czech Consortiums supplied 1,557 truckloads of hay, straw and oats for the amount of 2,085,755 cs., and, for purposes of the mobilisation, 1,467 truckloads of grain and flour for an amount of 3,347,879 cs.; in Moravia, the Central Federation of Czech Agricultural Consortiums supplied 1,700 truckloads for an amount of 6,000,000 cs. Besides these, grain and other produce, hay, oats and straw were supplied in large quantities by the Central Federation of German Agricultural Consortiums of Moravia, the Elevator Consortiums of Upper Austria, the Silesian Czech Federation, and the Federations of Laibach, Botzen, Graz, Klagenfurt, Spalato etc.

The purchase in mass of articles of consumption through the co-operative societies by the Federations continued without interruption, in spite of many difficulties, amongst which we may mention in the first place the suppression, in the month of August, of the carriage of private goods on the railways, and, after the resumption of this service, the entire lack at first, and afterwards the insufficient supply, of closed trucks, so that despatch had to be made in open trucks.

It was not possible to meet the demand for chemical manures in autumn as there was no importation of these manures from Germany. The prices of cattle foods rose considerably, partly owing to the exportation to Germany. The situation of the Milling Consortiums is now very unfavourable, owing to the lack of grain and the high prices asked for it. The sale of agricultural produce has been less affected by these disturbances: corn, rye, oats, hay for straw, livestock and in some provinces even cheese could be supplied to the army; only those provinces that usually export livestock, amongst which the Tyrol and Vorarlberg are the most important, have suffered considerable losses in this department. We have already spoken of the dairy societies. The distilleries (*Brennereigenossenschaften*) of co-operative character were obliged to reduce their production owing to the increased price of potatoes and barley.

Altogether, we may say that all the agricultural consortiums are working regularly and that, in spite of many difficulties, they continue their business as far as is possible; up to the present the agricultural co-operative societies have not suffered too severely.

It is clear that the general situation of agriculture has an appreciable effect also on all the branches of agricultural co-operation. We shall note here in this connection that the prices for livestock and meat have not been greatly affected; it is otherwise with milk, butter, fruit, vegetable, wine and poultry; the price of eggs rose owing to the export to Germany and the diminished importation.

We must, finally, note the action of the Government in its orders and decrees in respect to the reduction of the utilisation of grain and potatoes for distilling; the utilisation of barley, potatoes and maize for bread, and the limitation of the slaughter of calves. The Government suspended the tax on grain, and forbade its exportation. By Order of the Department of Commerce, in agreement with the Departments of Agriculture and Home Affairs, issued on December 28th., 1914, maximum prices were fixed for wheat, rye, barley and maize, varying with the provinces, and coming into force on the 10th. of December. By order of the same Departments, of date of December 19th., 1914, Boll. L. I. No. 245, maximum prices were also fixed for potatoes, also varying with the provinces. This order came into force on December 23rd., 1914.

A few words must be said as to the participation of the agricultural consortiums in the Austrian War Loan. The amount subscribed by the agricultural co-operative societies we are considering and in the first place, therefore, by the Rural Banks, was comparatively large. For the purpose, the Government amended the provisions of the moratorium decree in

regard to the Raiffeisen Banks; § 5 of the moratorium decree of November 1914, 1914 abrogated, for purposes of the war loan, the provision by which the withdrawals of deposits in the Rural Banks were limited to the amount of 50 crs. a month and, for the purposes of the national subscription of the loan, permitted withdrawal of the entire deposit. We have not yet precise information as to the amount subscribed by the co-operative agricultural institutes; however, according to the notices already published, it may be said that between 25,000,000 crs. and 30,000,000, crs. have been subscribed. Considering the objects of agricultural co-operation and personal credit, the constitution of societies with these objects and the mode in which they work, the "*Oesterreichische landwirtschaftliche Genossenschafts-presse*", organ of the General Federation of Austrian Agricultural Consortiums, expresses its doubt whether agricultural co-operation has not gone beyond the utmost limits of its financial resources in subscribing so largely.

## CANADA.

### CO-OPERATIVE LEGISLATION IN CANADA (1).

By T. K. DOHERTY,

*Commissioner for Canada of the International Institute of Agriculture.*

In other articles (2) reference has been made to the formation under provincial laws of co-operative societies for the purposes of marketing grain and fruit and the purchase of supplies required in conducting the business of the members. Provincial laws providing for incorporation of co-operative associations for other purposes (if the co-operative credit banks or "caisses populaires", established chiefly in the Province of Quebec, be excepted) are of not of such economic importance, but a brief survey of that legislation may be of interest.

#### § 1. CO-OPERATIVE DAIRY LEGISLATION.

Dairy associations either for the manufacture of butter or cheese or both are organized under provincial laws which are more or less uniform. Provision is generally made that five or more patrons may form a company with a capital of \$1,000 and upwards divided into shares of \$5 to \$25 each. In some companies each share carries a vote, and in others the rule is one man one vote. Usually there is a fixed charge for manufacturing varying according to the size of the factory, and this charge furnishes the company with its working expenses and its dividends as profits are available. Where no dividends are paid the manufacturers' charge is fixed each year with a view to meeting current expenses only.

It has not been the practice to purchase the milk outright. The producer belongs to the milk suppliers and they receive usually once a month the value of all the cheese or butter, less the manufacturing charge. The factories are not grouped into federations co-operatively, as the Irish Societies are, with

(1) For a more detailed study of this subject by the same author, see the *Agricultural Gazette of Canada*, May, 1914.

(2) See *Bulletin of Economic and Social Intelligence*, October, 1911, "Agricultural Organization in Canada," and June, 1914, "The Saskatchewan Co-operative Elevator Company."

central society to attend to the marketing, which, as well as the collective purchase of supplies, is carried out on a large scale with consequent economic results. In Canada a salesman is appointed by the patrons to attend on certain appointed days meetings of the Butter and Cheese Boards where the patrons meet the commission merchants and sell to the highest bidder. Recently a few factories in the Province of Quebec have combined to market their product in Montreal.

## § 2. OTHER CO-OPERATIVE LEGISLATION.

Legislation regarding other forms of agricultural co-operation is more diversified and it will be necessary to consider each province separately.

### (a) *British Columbia.*

The Agricultural Associations Act provides for the formation, with share capital and limited liability, of associations for production as well as for sale of nearly every product of the farm, as well as for the purchase of supplies in fact they may be organized for any purpose which may be approved by the Minister of Agriculture having for its object the development of agriculture. A shareholder may have shares to an amount mentioned in the by-laws but not to exceed one-quarter of the share capital. Shares are transferable subject to the consent and approval of the association and each share carries a vote.

Section 44 of the Act provides: "An association shall be deemed to be formed upon the co-operative system if provision is made by its constitution and by-laws for securing to all producers who are members of the association a share in the profits of the association in proportion to the value of the produce supplied by them, after payment of a dividend upon the capital stock not exceeding six per centum per annum. Provision shall also be made for enabling all producers in the district to become members of the association by limiting the number of shares to be held by any single member, or by other effective regulations."

### (b) *Alberta.*

The Co-operative Associations Act (Chapter 12 of the Statutes of 1913) provides for incorporation of associations of limited liability "for the purpose of carrying on any labour, or fulfilling the requirements of any contract or undertaking, by or on behalf of labourers, or for the purpose of conducting and carrying on any co-operative store or business, wholesale or retail." The number of shares to be issued is unlimited, but each member has but one vote. There is provision for the payment of interest on the paid up portion



of the shares; the net earnings over and above that may be applied to any lawful purpose. Any two or more associations may amalgamate.

(c) *Saskatchewan.*

The Saskatchewan Agricultural Co-operative Associations Act (Chapter 62, 1913) provides for the formation of associations for the purposes of the purchasing or selling of live stock, farm products or supplies on the co-operative plan. The word "supplies" is interpreted to mean building and fencing material, flour, feed and such other commodities as may be shipped in car lots and distributed from a warehouse, but is not to be interpreted as applying to a retail business.

Seventy-five per cent of the shareholders must be agriculturists. There is provision for the *single vote*, for the creation of a reserve fund equalling at least 30 % of the paid up capital; payment of interest on the capital stock not exceeding 6 %; division of the remaining profits among the patrons in proportion to the volume of business done.

(d) *Manitoba.*

The Co-operative Associations Act (Chapter 36, Revised Statutes of 1902) provides for limited liability associations "for the purpose of carrying on any labour, trade or business, whether wholesale or retail, except the working of mines, minerals, or quarries, and the business of banking or insurance."

(e) *Ontario.*

In Ontario, where many co-operative societies flourish, there is no special co-operative law. Co-operation is secured under a general clause of the General Stock Companies Act by applying to the Provincial Secretary. Under this arrangement a great deal of latitude is permitted as to constitution, by-laws, rules and regulations. The Department of Agriculture adopted certain model by-laws which are particularly recommended, but the by-laws do not form part of the letters patent and can be amended to suit the needs of the associations.

(f) *Quebec.*

Farmers' clubs co-operative societies are provided for by Section 4 of the Revised Statutes of 1909; stock breeding syndicates by Section 6 and co-operative agricultural associations by Section 12, amended by the Statutes of 1912. The economic activities of the various associations

formed under these Acts have not yet attained important proportions. Much more important are the associations formed under the Co-operative Syndicates Act, Section 19 of the Revised Statutes of 1900. The co-operative credit banks styled "caisses populaires," to which reference has been made, are established in the Province under this Act. Co-operative syndicates may be formed for consumption, production, and credit. They are in the nature of joint stock companies with limited liability with the declared object of "studying, protecting and defending the economic interests of the labouring classes, and for that purpose buying and reselling to the members such articles as are necessary for the support and for the industrial works of the members, opening up credits for them and making loans to them; establishing works in common for the associates or authorizing them to devote themselves to processes of production and to the selling of the products thereof either collectively or individually." Farmers' clubs and agricultural societies may acquire shares under the Co-operative Syndicates Act.

A Board of Management of five members appointed at the general meeting transact all the business of the associations. The activities of this Board are subject to a Board of Supervision. Then a Board of Credit of three members absolutely controls loans. The one-man-one-vote rule and other recognized co-operative features prevail. Although the provisions of the Act do not indicate that they were particularly designed for the farmers, nevertheless, farming communities in the Province have taken full advantage of the Act, especially for the organization of the co-operative credit institutions just referred to. The formation of these banks under the guidance of their founder, Mr. Alphonse Desjardins, preceded by several years the passing of the Syndicates Act. It is understood that this Act was enacted chiefly to promote the establishment of these banks and the co-operative economic activities of their members.

(f) *Prince Edward Island.*

There is no general Act providing for co-operation. However, the Co-operative Fruit Company and the Co-operative Egg and Poultry Association, incorporated under special Acts, have been attended by marked success. Under the latter Act local egg and poultry circles are organized on a purely co-operative basis and the local units have been federated for economic purposes of common advantage. The Dominion Department of Agriculture, through the Live Stock Branch, has collaborated actively with the Provincial Department in designing the requisite legislative and regulatory measures, besides furnishing the services of two or three experts who are continually in attendance. The work done on the Island, involving the formation and federation of sixty-four Circles, is typical of other similar work being successfully accomplished in nearly every province of the Dominion.

(g) *New Brunswick.*

No co-operative legislation exists. However, the members of many of the ordinary agricultural societies occasionally co-operate for certain purposes. Nearly all of them buy pure bred live stock and improved seeds for the benefit of their members, and some of them deal quite extensively in fertilizers.

(b) *Nova Scotia.*

The cultivation of fruit is the leading farm industry in this Province, hence the United Fruit Company of Nova Scotia, Limited, already referred to, is of paramount importance. However, the Act under the authority of which this Company has been formed provides facilities for the incorporation of companies for purposes other than fruit culture. The law provides for the formation of local independent units and for their federation into central companies.

By Chapter 22 of the Statutes of 1912, amended by Chapter 63 of the Statutes of 1913, any number of companies, not less than ten, incorporated under the provisions of Chapter 33 of the Statutes of 1908 entitled "An Act to facilitate the incorporation of Farmers' Fruit, Produce and Warehouse Associations," or for a like purpose under the "Nova Scotia Companies Act," if authorized by its memorandum of association so to do, may form themselves into a Central Company for the following purposes, namely:

"(a) buying, selling, bartering, taking on consignment or disposing of on consignment and packing and dealing in fruit, fodder and other farm produce as well as fertilizer and artificial manures of all kinds; arsenate of lead, spraying materials and all kinds of insecticides and fungicides, power spraying outfits, hand pumps and all other commodities or material incidental to the use of the same, nails, pulp heads, paper and all material necessary for the purpose of packing fruit and farm produce, flour, feed and all milling produce, seeds, farming implements, tools and waggons, and all manner of merchandise.

"(b) warehousing the same, as well with cold storage as otherwise, and marketing and transporting the same and carrying on the business of warehousemen and shippers of such fruit, fodder and other farm produce."

The Local is a limited joint stock company with a capital of at least \$1,000, of which one-half must be subscribed. The shareholder is entitled to one vote for each share of stock, and there is no limit to the number of shares he may hold. Notwithstanding these provisions are not of the purely co-operative type, the members are practically producers only and save profits which would otherwise go to the middlemen. Every local company becomes a shareholder in the Central Company with which it is

affiliated and is entitled to representation at the annual meeting by three delegates. The Directors of the Central appoint a Board of Management for all the business transactions of the Company. Dividends may be declared from the profits of the Company to the shareholders in proportion to the amount paid up on their respective shares, or the profits at the discretion of the Directors may be used for any business purpose within the powers of the Company or to create a reserve fund.

Under this general Act, besides the United Fruit Company of Nova Scotia, Limited, and its thirty odd affiliated companies, a large number of farmers' and fruit packers' associations have been formed and are in successful operation. A number of these conduct farmers' stores in which all sorts of commodities, including seeds and fertilisers, are bought and sold.

## DENMARK.

### RECENT PROGRESS OF CO-OPERATIVE DISTRIBUTIVE ASSOCIATIONS.

(Communicated by Our Official Correspondent).

With reference to the detailed account of the development and situation of the Danish co-operative distributive societies, published by us in the number of this Bulletin for September, 1911, we shall give below the principal results of the work of the *Common Union* of these societies for the year 1913 (the corresponding information for the year 1912 was published in our number for February, 1914).

On December 31st., 1912, 1,309 associations (1), or almost all those existing in Denmark, belonged to the *Common Union*. The number of their members was 184,569.

A year later, on December 31st., 1913, it was found that 50 other associations with 9,768 members had united with these. We may see from the following figures what advance this movement has made since 1896.

	Number of associations affiliated to the union	Number of members of the associations	Total business done (in millions of crowns)
1896 . . . . .	310	51,777 (2)	4.2
1903 . . . . .	852	115,872	19.8
1905 . . . . .	1,029	143,031	26.3
1910 . . . . .	1,259	177,519	46.1
1911 . . . . .	1,286	181,326	48.8
1912 . . . . .	1,309	184,569	55.5
1913 . . . . .	1,359	194,337	62.0

(1) Figures given by the *Common Union*. These figures do not quite correspond with the results of the Census of 1910 (*Statistisk Aarbog*, 1913, p. 134).

(2) Year 1899.

Their reserve funds, which on December 31st., 1910 amounted to 1,775,000 crs., on December 31st., 1911 amounted to 3,250,000 crs., on December 31st., 1912 to 3,657,000 crs., and on December 31st., 1913 to 3,987,000 crs.

The Common Union is not exclusively engaged in commerce; the attention it gives to industry is fairly considerable. The following table gives an idea of the importance of the business operations of its various departments:

### Commercial Activity.

Total operations in millions of crowns					
	1913	1912	1911	1910	1909
Monial Produce Department . . . .	40.47	38.05	34.05	32.84	20.00
Manufacturing " . . . . .	4.50	3.60	3.57	3.00	2.68
Implements " . . . . .	3.60	3.21	2.02	2.02	2.37
Seed " . . . . .	2.44	2.40	2.13	2.17	1.75
Timber " . . . . .	0.22	0.18	0.13	0.15	0.14
Wine " . . . . .	0.27	0.23	0.21	0.10	0.20
Heavy Goods " . . . . .	0.27	0.27	0.22	0.22	0.21
Clothes " . . . . .	0.21	0.14	0.09	0.15	0.10
Total . . . .	52.16	49.34	43.52	41.34	37.41

### Industrial Activity.

Total operations in millions of crowns					
	1913	1912	1911	1910	1909
Coffee Roasting . . . . .	2.71	2.40	2.14	1.70	1.57
Chocolate Making . . . . .	0.63	0.53	0.47	0.44	0.30
Sugar Refining . . . . .	0.30	0.27	0.23	0.22	0.10
Tobacco and Cigar Factory . . . .	0.78	0.70	0.64	0.57	0.52
Rope Making . . . . .	0.44	0.43	0.30	0.34	0.34
Shoe Making . . . . .	0.88	0.93	0.90	0.81	0.71
Technical Chemical Factory . . . .	0.24	0.24	0.22	0.20	0.17
Knitted Goods Factory . . . . .	0.17	0.13	0.13	0.09	0.08
Spice Milling . . . . .	0.32	0.28	0.25	0.23	0.19
Tea Department . . . . .	0.16	0.15	0.14	0.14	0.13
Total . . . .	6.63	6.15	5.48	4.80	4.31
Margarine Factory . . . . .	3.21	---	---	---	---
Total . . . .	9.84	6.15	5.48	4.80	4.31

As we see, there was an increase in the amount of business in every department, in 1913, and the profits amounted to 3,048,000 crs. The associations belonging to the Union received 5 ½ % on the amount of purchases giving right to dividends, or 2,207,000 crs. (1) on the amount of 40,122,000 crs. (see the corresponding figures for the previous years

	Total Profits — crowns	Dividend %
1899. . . . .	304,799	3 ½
1903. . . . .	790,966	4 ½
1905. . . . .	1,172,598	5
1910. . . . .	2,346,775	5
1911. . . . .	2,706,382	6
1912. . . . .	2,846,372	5 ½
1913. . . . .	3,048,009	5 ½

Finally, we reproduce the balance sheets of the Union for January 1st., 1911, 1912, 1913 and 1914:

*Balance Sheets of the Common Union.*

*Credits.*

	Millions of crowns on January 1st.			
	1914	1913	1912	1911
Stock of Goods . . . . .	6.76	6.23	5.99	5.05
Cash . . . . .	0.06	0.05	0.05	0.06
Fixtures . . . . .	0.29	0.39	0.27	0.38
Land . . . . .	4.19	3.51	3.15	3.13
Various Debtors . . . . .	8.37	8.44	7.60	6.62
Total . . . . .	19.67	18.62	17.06	15.24

(1) The balance was placed to the reserve fund.

*Debits.*

	Millions of crowns on January 1st.			
	1934	1933	1932	1931
Co-operative Account. . . . .	0.78	0.77	0.70	0.68
Reserve Fund " . . . . .	3.00	3.60	3.25	2.78
Dividend " . . . . .	0.15	0.20	0.10	0.15
Loans " . . . . .	2.00	2.01	2.77	2.63
Insurance Account (against Fall in Prices)	0.20	0.20	0.20	0.20
Depreciation in Value of Buildings. . .	3.00	2.50	2.25	2.00
Insurance Account (Seed) . . . . .	0.07	0.07	0.07	0.07
Insurance Account . . . . .	0.10	0.10	0.10	0.10
Renewals . . . . .	0.50	0.50		
Loans on Land . . . . .	1.31	1.34	1.35	1.37
Various Creditors . . . . .	3.58	3.40	3.30	2.87
Balance from Previous Year . . . . .	0.04	0.03	0.08	0.04
Net Credit Balance . . . . .	3.05	2.85	2.71	2.85
Total . . . . .	19.67	18.62	17.00	15.24



## RUSSIA.

### MUTUAL CREDIT SOCIETIES IN RUSSIA ON JANUARY 1st, 1914.

The "Special Office for the Business the Credit Societies" (Особенная Канцелярія по Кредитной Части) has just published its Return of the Balance Sheets of the Mutual Credit Societies of Russia as they stood on January 1st, 1914. (Сводъ Балансовъ Обществъ Взаимнаго Кредита действующихъ въ Россіи на 1 января 1914-го года).

At first sight this "Return" seems to consist merely of a dry enumeration in alphabetical order of the places in which the 1,108 Mutual Credit Societies of Russia were working at the above date, showing the year of the foundation of each society, the total number of its members, and the chief data respecting its balance sheet at the beginning of the current year.

But if we look a little more closely, and take the trouble to classify these various details, not according to localities in alphabetical order but grouping them systematically, if, in short, we compare them with the corresponding details for preceding years, — (these "Returns" are regularly published twice a year) — we shall obtain a complete and most eloquent statement of the general character and progressive development of this kind of credit association in the Empire of the Czars.

The oldest of these associations now in existence bears the name of the "Petrograd Premier Society of Mutual Credit", and was founded exactly fifty years ago in 1864; the statement in question will therefore give at the same time a clear idea of the evolution during half a century of one of the most successful economic institutions of Russia.

We have seen that the total number of Mutual Credit Societies working in the Empire on the first of January of the current year (1914) was 1,108. Of this number 39 were working in the two capitals, 29 in Petrograd and 10 in Moscow. In the chief towns of the provinces (governments) there were in all 172; the remaining 879 were established in provincial towns, in villages or in the country.

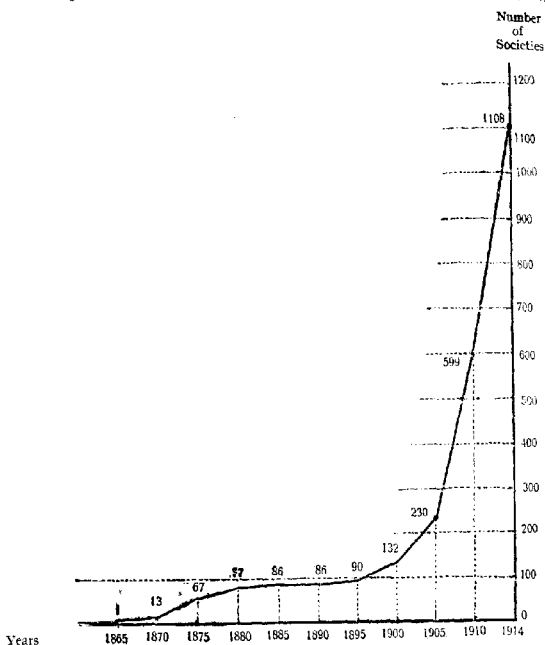
This division will in itself be sufficient to show the importance of mutual credit societies in the rural economy of Russia, but this importance will appear much more clearly if we compare the figures just quoted with

the corresponding figures for one of the preceding years, for instance, with those for the year ending on January 1st., 1911.

At that date the geographical distribution of the localities in which the Mutual Credit Societies were established was as follows: in capitals 27, chief cities of provinces 126, other provincial towns and country districts 451. In other words, during the last three years alone the net increase in the total number of Mutual Credit Societies was 40.7% for the two capitals and 36.5% for the total number of chief towns of provinces. But in the provincial towns and in the country, in short, in the rural districts the corresponding net increase is twice as great as in centres purely urban, that is to say 99%.

And let us observe that the proportion is substantially the same when instead of the number of societies, we consider the total number of members. Indeed in the same period of time, we find here a net increase of 31% for the capitals (36,000 members in 1911 against 48,000 in 1914); for the chief cities of provinces the increase is 43.1% (146,000 members in 1911 against 166,000 in 1914). But in the rural centres and in the country the total number of members rises from 210,000 in 1911 to 410,000 in 1914, representing a net increase of 91.3% in three years. It is therefore contestably among the rural population of the Empire that the idea of mutual credit association is most welcomed, and is most actively disseminated.

The close connection existing between the development of mutual credit societies in Russia and that of rural economy in general throughout the Empire is strikingly shown by a comparison between the important dates of the economic history of Russia from the beginning of the present century and the progressive rise in the numbers in the column of the following table which shows the increase of the mutual credit societies at present in existence.

*Progress of the Russian Mutual Credit Societies. (1864-1914).*

From this table it will readily be seen that the increase in the number of these societies, very insignificant from 1875 to 1895, became more important in the period of general evolution, more especially agrarian, following the peace with Japan. This increase became still more pronounced when the preparations for the great agrarian reform of the Stolypin Ministry began. Finally, the increase continued regularly when the first practical results of this beneficent reform began to be felt.

Let us now extract, still from the "Return" above quoted, some particulars respecting the financial labours of the mutual credit societies considered as a whole. And with regard to this it must be remembered that the "Return" only takes into account those societies which were working on January 1st, 1914, ignoring absolutely those which for one reason or another had ceased to exist.

We know that the oldest of these societies is that which was founded in 1864 in Petrograd, the capital of the Empire, under the name of the "Petrograd Premier Society of Mutual Credit". The second (dating from 1866) in chronological order was established at Kharkov, the chief town of the province of the same name in an eminently agricultural centre. The third, founded two years later, is also in a large town of a

agricultural district, viz. Odessa. The fourth, dating from 1860, is notable as not being in a large city, but in the market town of Borisoglebsk, in the province of Tambov. The fifth was founded in the same year at Rostov on the Don.

It is clear that the advantages of the new institution were first appreciated in the vast agricultural region of the south of the Empire. The table given below indicates year by year, and separately for the two periods of 25 years forming the half century now under consideration, the further development of these societies. The attentive reader will without difficulty extract from this a supplementary series of interesting facts.

*Progressive Development of Mutual Credit Societies in Russia. (1864-1914).*

Year	Capitals	Chief Towns of Provinces	Small Towns and Country	Total for the Year	Total Increase	Year	Capitals	Chief Towns of Provinces	Small Towns and Country	Total for the Year	Total Increase
1864	1	—	—	1	1	1880	—	—	—	—	86
1865	—	—	—	—	1	1890	—	—	—	—	86
1866	—	1	—	1	2	1891	—	—	—	—	86
1867	—	—	—	—	2	1892	—	—	—	—	86
1868	—	1	1	2	4	1893	—	—	—	—	86
1869	1	2	2	5	9	1894	—	—	1	1	87
1870	—	3	1	4	13	1895	1	2	—	3	90
1871	1	4	1	6	19	1896	—	1	—	1	91
1872	—	5	4	9	28	1897	—	2	—	2	93
1873	—	10	8	18	46	1898	—	2	4	6	99
1874	—	6	6	12	58	1899	—	5	8	13	111
1875	—	2	7	9	67	1900	—	4	16	20	132
1876	—	2	1	3	70	1901	—	1	18	19	151
1877	—	—	—	—	70	1902	1	4	14	19	170
1878	—	—	—	—	70	1903	—	5	16	21	191
1879	—	1	1	2	72	1904	2	3	17	22	213
1880	—	3	2	5	77	1905	—	2	15	17	230
1881	—	2	5	7	84	1906	1	5	24	30	260
1882	—	—	1	1	85	1907	3	9	26	38	298
1883	—	—	1	1	86	1908	3	14	50	67	365
1884	—	—	—	—	86	1909	4	10	85	99	464
1885	—	—	—	—	86	1910	10	9	116	135	599
1886	—	—	—	—	86	1911	7	16	146	169	768
1887	—	—	—	—	86	1912	3	21	155	155	923
1888	—	—	—	—	86	1913	1	15	169	185	1,108
Total	3	42	41	86	—	Total	39	172	897	1,108	—

The number of members of the various societies of mutual credit at the first January of the current year varied from 49 in the Society of Kologrywo in the province of Kostroma to 8,113 in the "Petrograd Premier Society of Mutual Credit" already more than once referred to as the oldest of all. But this does not by any means signify that the number of members depends on the age of the societies. The best proof to the contrary is that the society of Kologrywo, which, as just stated, is the smallest of all, is nevertheless one of the oldest, having been founded in the year 1875. In this particular case, the limited number of the members may be explained by the small population to be found in a remote district, in others the reason is the special character of the society, as, for example in the case of the "Mutual Credit Society of Proprietors of Real Estate" of Moscow, which has only 97 members.

On the whole, the Russian credit societies have relatively many members. The average number is 379 and though it is true that 44 societies have less than 100 members, there are on the other hand 138 which have more than 1,000. The local division of these is worthy of notice:

Societies comprising more than		Capitals	Large Towns	Provinces	Total
1,000	members	8	48	52	108
2,000	"	1	8	6	15
3,000	"	1	2	2	5
4,000	"	—	3	4	7
5,000	"	—	—	1	1
6,000	"	1	—	—	1
7,000	"	—	—	—	—
8,000	"	1	—	—	1
Total		12	61	65	138

Let us observe that some of the larger mutual credit societies are to be found in cities, such as Odessa and Lodz, which, though under provincial administration, are not considered of less importance than the other urban centres of Russia, yet it is not the less true that others of these large societies are purely rural in character. Such, for instance, is the Society of Gadiatsch in the province of Poltava, with 4,351 members, and that of Potschaewo in Volhynia with 4,510 members. In general, and these two cities may serve as examples to prove it, the number of members of the associations of mutual credit is in direct relation with the more or less agricultural character of the locality in which they are established. In consideration of the number of members of these societies, we shall pass to their relative importance according to the total balance sheets of each, which also show considerable differences.

On the first of January of the present year the total balance sheet of all the mutual credit societies of the Empire, taken *en bloc*, showed a amount of 1,059,695,500 roubles, that is in round numbers 2,820,000,000.

CREDIT.

	Working Years	Number of Societies	Total Number of Members	Cash in Hand	Current Accounts with Credit Institutes	Notes Payable Paper Savings	Other Payable Savings	Total Assets
Capitals . . . . .	1911	27	36,246	4,673.4	1,735.9	2,301.3	81.02	8,801.6
	1912	34	43,533	4,841.8	2,363.0	1,664.2	88.75	9,357.7
	1913	38	48,165	6,114.4	3,783.0	1,831.7	117.30	12,046.4
	1914	39	47,882	6,716.5	3,788.4	1,611.1	12.33	12,136.3
Chief Towns of Pro- vinces . . . . .	1911	126	116,234	4,428.0	21,083.8	9,793.4	101.98	35,307.2
	1912	142	140,878	5,382.0	18,607.0	10,018.6	134.71	34,142.3
	1913	162	158,931	6,062.7	18,239.8	11,049.1	166.85	35,518.4
	1914	172	166,522	5,967.0	16,274.3	10,862.2	166.02	33,270.5
Provinces and Coun- try Districts . . . . .	1911	451	219,105	8,422.0	14,333.6	6,516.0	1,349.0	26,620.6
	1912	600	317,410	11,379.7	15,158.5	7,895.5	235.16	34,669.3
	1913	732	382,136	12,764.0	14,843.7	8,238.8	223.35	35,870.8
	1914	897	419,951	13,156.9	16,308.5	8,713.6	244.99	38,424.0
Total . . . . .	1911	604	371,585	17,523.2	38,153.3	18,610.7	349.95	54,637.2
	1912	776	501,821	21,603.5	36,120.4	20,478.3	455.81	58,658.0
	1913	932	589,232	24,941.1	36,866.5	21,119.6	529.82	63,457.0
	1914	1,108	634,355	25,840.4	36,371.2	21,217.2	552.34	63,781.1



ances, giving an average of 956,680 roubles, that is 2,545,620 francs, for each of the 1,108 societies.

Taking the various balance sheets separately, the first place must be given to the "Society of Mutual Credit of Merchants of Moscow" which showed an amount of 64,500,000 roubles, that is to say 172,000,000 francs. On the other hand, the lowest place belongs to the "Society of Mutual Credit of Kolpino" (Province of Petrograd) founded in 1913, which shows more than 4,100 roubles.

Nevertheless, we may observe that such differences from the average are relatively rare. Those societies which have done a business of more than 10,000,000 roubles are only *eleven* in number, and one of these, the "Premier Petrograd Society of Mutual Credit", only did a total business of 30,000,000 roubles. Similarly, the number of societies that have done a very small business, of less than 10,000 roubles, is only *seven* altogether. And the fact that all of them were founded in the course of the year 1913, is a certain proof that this small business is only a temporary matter and due to the societies in question not having had time to develop.

Altogether and in spite of some very considerable but exceptional differences, the amount of business done in the large majority of the Russian mutual credit societies varies comparatively little from the average of 956,680 roubles given above. Thus, the total number of societies that have a business of more than 1,000,000 roubles, that is to say exceeding the average by about 50,000 roubles, is hardly 229.

Of these 229, 26 work in the two capitals, 100 in chief towns of provinces and the rest, 103, in small towns, hamlets and country districts, showing once more the considerable part played by the mutual credit societies in Russian rural life.

Let us close this brief account of mutual credit in the Empire of the Czar with the following tables which will complete the general information in regard to the development of these institutions during the last three years and their balance sheets for the first of January of the present year.



## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

### GENERAL.

DUGARÇON (A.): *Le Blé et le Pain. Coopération et intégration* (*Corn and Bread. Co-operation and Integration*). "Revue d'économie politique." Paris, No. 3, May-June 1914, page 289 and No. 4, July-August, 1914, page 421.

Defining economic integration as the "union of the various successive processes of production and sale of a product in one harmonious whole," the Author passes on to examine the attempts made in the various countries to apply the principle in the production and sale of bread, on the part of the millers and dealers in alimentary produce and also of the bakers, the consumers of bread and the grain farmers. An ample study is made of the work of the co-operative mill and bakery of Condom (Gers).

### CANADA.

HANDBOOK OF WOMEN'S INSTITUTES with Report of Advisory Board. Province of British Columbia. Department of Agriculture (Women's Institutes). Bulletin No. 54. Printed by Order of the Legislative Assembly of British Columbia, Victoria, 1914, 208 pp., 25c.

Everyone who sympathizes with the North American *Women's Institutes*, working for the intellectual and economic progress of the women of the agricultural classes and the improvement of the conditions under which they live, must be interested in this publication of the British Columbian Agricultural Department. If it is not a handbook in the strict sense of the word (as the systematic treatment of the matter, proper to handbooks, is not to be found in it), it is a most interesting collection of statistics, returns, reports of meetings, rules of associations and laws and decrees regulating them. A glance through the book will reveal all the modest but valuable work of these associations, which occupy themselves with the health of the houses, the diffusion of methods for the facilitation of household duties and for obtaining better returns from poultry improvement and beekeeping; and will be above all convinced of the immense

advantage these associations may have for women who have but shortly immigrated to a new country such as British Columbia. In fact these institutions have helped them, in places far from the large centres of population, to form acquaintances and friendships based on active and honorable co-operation.

#### NORWAY.

OVERAAE (HANS): *Samvirke foretagender i Norge (Co-operative Institutions in Norway)*. Published by the "Egl. Selskap for Norges Vel," Kristiania, 1914, pp. 143, 8vo, illustrated.

As co-operation in Norway meets with many obstacles owing to the nature of the country, the sparse population, and the difficulty of transport, it has not developed to the same extent there as in the other Scandinavian countries. However, it is not on that ground less deserving of consideration, for even in Norway the results attained by the co-operative institutions have been very considerable. This is shown in the book on Norwegian Co-operative societies we have before us. Of the co-operative societies for production in 1912-1913, the dairies and cheese dairies alone did a business of 26,000,000 crs.; of the co-operative purchase societies, the "Landhusholdingsselskaperne Fælleskjøb" alone did a business of 192,151 crs. Altogether the total business done by all the societies in the year was 62,374,298 crs.

Overaae's book gives a simple but clear and orderly description of the work of the various Norwegian Co-operative institutes, whether for production, purchase, sale or consumption. A special chapter is devoted to the Christiania "Farmers' House," the splendid edifice built for the head quarters of the principal agricultural associations of Norway.

The book begins with a brief introduction giving the information required for an understanding of the historical development of the Norwegian co-operative societies and at the end are two diagrams showing the distribution of the co-operative societies in the various parts of the country.



## Part II: Insurance and Thrift

### SWITZERLAND.

#### DEVELOPMENT OF AGRICULTURAL INSURANCE IN RECENT YEARS.

by Dr. G. Rocca.

In the 32nd. volume of this *Bulletin* (1) a full account was given of the work of the agricultural insurance societies in Switzerland in 1911, according to information obtained from official reports and private sources; in the following pages we shall complete the above account, with the help of additional statistics given in the last report of the Federal Insurance Office for 1912 or kindly supplied to us by the most important Swiss hail insurance Society, the *Société Suisse* of Zurich.

It will be well to remember that the two principal branches of agricultural insurance undertaken in Switzerland are hail and livestock insurance; hail insurance, however, is undertaken by private businesses alone, while by the side of the private livestock insurance businesses, there are public cantonal insurance institutes with which the farmers are obliged by law to insure their livestock. We shall principally occupy ourselves with the work of the private societies.

The societies undertaking these two branches of insurance have all taken the legal form of mutual societies; in August, 1912, the Federal Council authorized a German Society, limited by shares, the "*Perleberger*", to insure livestock in Switzerland, but only in 1913 did it actually commence operations in the territory of the Confederation.

We must further say that, except for the associations, the sphere of action of which is limited to certain districts, all the private agricultural

(1) No. 8, August, 1913, page 69.

insurance undertakings are regulated, like the rest insuring life and insuring against losses, by the law of June 25th., 1885, which subjects them to the control of a Government Office with headquarters at Berne, and the law of April 2nd., 1908, which establishes the principal conditions of policy in a manner from which no variation is allowed.

In order to be authorized to work in Switzerland, the private insurance societies must submit to the Federal Council documents showing the fundamental basis and the general conditions of their work; thus, for example, they must show whether they have foundation capital, present a copy of their rules, and specially state whether the persons assured or arranging insurance are liable for all the losses of the year and in what degree. Further, hail insurance societies, like livestock insurance societies, must inform the Federal Council in regard to the principles on which they proceed in calculating the reserve fund to meet losses already reported but not yet entirely compensated at the end of the year, and the refund to be made on premiums not yet due and on premiums paid in advance.

Once authorized for work, an insurance society must every year present a report to the Federal Council, showing the progress made by the society during the year, the amount of the premiums collected, the number of disasters reported and the amount of claims paid, the area covered by the operations, and the amount of the reinsurance business. With this report there must also be presented the profit and loss account and the balance sheet. Finally, all the insurance societies and their general representative must, by article 8 of the 1885 law, at the request of the Supervision Office provide further information in regard to every branch of their administration and present their books and registers for inspection. By the same law contravention of the above rules is punishable by heavy fines and even by arrest.

The reports of the Federal Office for the Supervision of Private Insurance Businesses do not, however, only give bare statistics, but contain important observations on the problems of technical and legal nature of greatest interest for students and for practical insurance men. The 27th. report furnishes information in regard to the work done by the various insurance societies of Switzerland in 1912.

#### § I. LIVESTOCK INSURANCE SOCIETIES.

For many years the insurance of livestock has only been undertaken by mutual societies: the *Mutuelle Chevaline Suisse* (Swiss Horse Society) of Lausanne, the *Badische Pferdeversicherungsanstalt a. G.* (Baden Horse Insurance Institute, Limited by Shares, of Karlsruhe) and the *Garantie mutuelle* (Federal Guarantee) of Paris.

The two first only insure horses, the third also horned cattle and sheep. The principal risks against which these societies insure are: the death of the animal, in consequence of disease, of accident, of operations performed

by a licensed veterinary surgeon or castration; slaughter, when a disease or accident renders the animal useless, or when ordered by a competent authority (the board of management of the society or a licensed veterinary surgeon); and, finally, diminution of value owing to disease or accident, rendering the animal unfit for the special use which it served, according to the insurance policy, without its slaughter being necessary.

The financial results for the year 1912 were better than those for the preceding year. The policies at the end of 1912 represented altogether an amount of 16,102,775 frs. (against 16,486,985 frs. at the end of 1911, and 10,091,418 frs. at the end of 1910); against this slight decrease in 1912 as the amount shown for 1911, we may, however, place an increase in that of the premiums collected (635,972 frs. in 1912, 619,727 frs. in 1911). The claims paid amounted to 482,214 frs., varying little from those for the two preceding years.

As in 1910 and 1911, the bad quality of the cattle food contributed to increase the number of losses, especially through colic and diseases of the digestive organs; there was also an increase in the number of animals suffering from old age and tuberculosis, whilst that of the horses affected with asthma, exceptionally high in 1911, in 1912 hardly exceeded the average.

The report of the Federal Office shows that the *Mutuelle chevaline* society was able again in 1912, as in the preceding year, to pay the policy holders suffering losses 75 % of the amount assured, in accordance with the conditions of the policies, without having to call for supplementary premiums. Since its foundation (1901) up to the present day the society has had no need to resort to such a measure in order to pay claims. In 1912 it was even able to place 964.80 frs. to the reserve fund and reduce its working expenses as compared with the preceding year (in 1911, these were 20.8 % of the premiums; in 1912, 20.3 %). The number of horses insured was 374, for a total amount of 471,705 frs.

The *Badische Pferdeversicherungsanstalt a G.* was also able to manage without calling for supplementary premiums, and placed an amount of 23,388.86 frs. to the reserve fund. The horses insured in 1912 were 243, or an amount of 529,954 frs. The working expenses for the year amounted to 19 % of the premiums.

The *Garantie fédérale* claims from its members exemption from payment of 20 % of the amount assured, so that in cases of loss the compensation can never exceed 80 % of the amount assured. In 1912, the average compensation paid both for horses and horned cattle was hardly 37.6 %. The report adds that this extremely low percentage is a consequence of the high working expenses of the society; in 1912 they came to 43.5 % of the premiums. It is enough to compare this amount with those already given for the other two societies, to convince ourselves how high these working expenses are. The society transacts business also in France, Algeria and Belgium, and in the last mentioned country it was able to pay claims to the amount of 80 % of the value assured.

TABLE I.

(a) Profit and Loss Account		
	Mutuelle chevaine Suisse	Badische Pferdeversicherungs- Anstalt
	fr. c.	fr. c.
<i>Revenue.</i>		
Brought Forward from Previous Year . . .	—	—
Reserve Fund for Current Risks . . . . . (1)	—	449,196.25 (2)
Reserve Fund for Claims . . . . .	7,400.00	47,146.53
Premiums Collected . . . . .	221,849.30	1,217,714.82
Profits on Investments . . . . .	369.10	22,730.26
Policy Dues . . . . .	4,997.00	4,530.88
Other Revenue . . . . .	—	51,163.35
Total . . . . .	234,615.40	1,783,568.53
<i>Expenditure.</i>		
Claims Paid . . . . .	176,878.30	939,359.02
Commission and Agency Expenses . . . . .	22,395.25	129,434.41
General Expenses and Taxes . . . . .	22,638.40	102,445.00
Losses through Fall in Value of Securities . .	1,148.75	3,650.63
Reserve Fund for Current Risks . . . . . (1)	—	458,860.63 (4)
Reserve Fund for Claims . . . . .	9,000.00	53,096.25
Sinking Fund . . . . .	1,589.90	2,951.70
Other Expenses . . . . .	—	32,388.80
Total . . . . .	233,650.60	1,722,187.19
Credit Balance . . . . .	964.80	61,381.34
Debit Balance . . . . .	—	—
<i>Distribution of Profits:</i>		
To the Regular Reserve Fund . . . . .	964.80	61,381.34

(1) The Society has no reserve fund for current risks, as the insurance year corresponds with the calendar year.

(2) These figures refer only to contracts passed in Switzerland.

(3) Placed to the Reserve Fund.

*Societies in 1912.*

(b) Balance sheets

<i>Badische</i>			
<i>Pferdeversicherungs</i>	<i>Garantie Fédérale</i>		
<i>Anstalt</i>			
fr. c.	fr. c.		
		<i>Credits.</i>	
0.00	---	---	Guarantors' Bonds.
18.50	4,672.44	3,574.55	Cash.
	453,874.35	---	Mortgage Bonds.
	8,967.00	---	Loans on Pledge.
1.50	143,306.87	98,595.50	Securities.
10.00	8,394.75	9,211.50	Deposits as Security.
10	11,187.50	824.20	In Banks.
20	103,690.12	154,105.22	Agents and Policy Holders.
	600.61	60,654.07	Various Debtors.
	6,074.25	---	Interest and Rent Due.
25	10,000.00	---	Furniture and Stock.
	28,347.24	7,225.00	Miscellaneous Credits.
	---	---	Profit and Loss Account (Debit Balance).
50	779,120.14	340,250.04	Total.
		<i>Debits.</i>	
2.00	---	---	Share Capital.
10	178,934.69	97,002.17	Regulation Reserve Funds.
	26,847.24	---	Special Reserve Funds.
	458,860.62 (2)	20,000.00	Reserve Fund for Current Risks.
10.00	53,096.25	---	Reserve Fund for Claims.
	---	928.21	Commissions and Other Expenses to be Paid.
10	---	11,152.91	Various Creditors.
	---	211,166.75	Miscellaneous Debits.
	61,381.34	---	Profit and Loss Account (Credit Balance).
10	779,120.14	340,250.04	Total.



In this table showing the profit and loss accounts and the balance sheets of these three societies, the financial results for the year 1912 are clearly shown; the figures refer to the whole of the business, and thus include transactions conducted in Germany, in the case of the *Badische Pferdeversicherungsanstalt* and those conducted in France, Algeria and Belgium in the case of the *Garantie Fédérale*.

It is also worthy of remark that the *Mutuelle chevaline* invests all its available funds (15,852.50 frs.) in State guaranteed securities, while the *Badische Pferdeversicherungsanstalt a. G.*, out of a total amount of 151,700.62 frs., invests 94,183.12 frs. in Government securities and 57,517.50 frs. in bonds issued by banks, railways and other industrial societies and the *Garantie Fédérale*, out of a total of 107,807 frs., invests 82,655 frs. in State guaranteed securities, 22,416 frs. in communal or departmental bonds and 2,736 frs. in other securities.

As already mentioned, livestock insurance is undertaken not only by the three above named societies, but also by numerous local societies, not under the supervision of the Federal Office, but dependent on the cantonal authorities. In the study published in the 32nd. number of this Bulletin (August, 1913), we gave the revenue and expenditure of 321 local livestock insurance societies of the canton of Berne, as an example of the financial results of this form of organization.

It must also be remembered that by the federal law of December 22nd, 1893, for the improvement of agricultural conditions, when a canton or an association of owners of livestock decides that insurance shall be made compulsory in a special territory (commune, district or canton), the Confederation shall grant, through the medium of the cantons, subventions equal in amount to those the same cantons grant to the local banks. In 1912 as many as 17 cantons profited by this and received subventions; some of them simply made insurance compulsory and ordered that an insurance society should be formed for the purpose in every commune or group of communes, others made insurance compulsory in the territory of the canton or in a district or commune when the majority of the farmers concerned united in an association, pronounce themselves in favour of this form of organization. The subventions of the cantons to the local banks vary from 20 % to 30 % of the premiums collected.

In Table II we show the progress made by this insurance in the various cantons and the amount of the cantonal and federal subventions. It is reproduced from the report of the Federal Department of Commerce, Industry and Agriculture; in the case of the cantons for which the report does not show the amount assured, the Federal Insurance Office has made an approximate calculation based on the average for the other cantons. The average value of large livestock per head was fixed at 500 fr.; that of small livestock at 85 fr.; that of a goat at 36 fr. From the table we see that the businesses subventioned chiefly insure large livestock or horned cattle; in 1912 the amount insured on large livestock was 388,150,258 frs.; on small livestock and goats 2,531,504 frs.

# DEVELOPMENT OF AGRICULTURAL INSURANCE IN RECENT YEARS 33

Cantons	Subventions granted for Livestock Insurance in 1913	Amount Assured	Animals Insured	Number of Disasters	Claims		Per Disaster		Total		National Subventions		Federal Subventions	
					Total		Fr.		C.		Fr.		Fr.	
1. Zurich	Large Livestock	53,095,975	100,719	3,737	811,507.60	217	186,195.02	1.85	192,262.47					
	Small Livestock	1,323,715	10,454	737	27,509.75	36	6,047.45	—37						
2. Berne	Large Livestock	(1) 707,497,500	214,983	5,607	731,770.09	131	214,983	1	215,753.40					
	Small Livestock	(1) 327,420	3,853	208	3,008.89	24	770.40	—20						
3. Uri		6,159,020	114,609	388	91,819.26	237	30,793.08	2.75	30,793.08					
4. Glarus		6,292,145	14,983	337	87,102.40	200	20,000	1.65	20,000					
5. Fribourg		35,053,479	67,412	1,674	151,040.52	90	35,69.60	—86	53,709.60					
6. Solothurn	Large Livestock	18,474,117	49,878	1,911	145,702.81	114	10,853	1	43,337.60					
	Goats	301,008	7,070	470	15,002.15	22	4,484.60	—32						
7. Bale (City)		808,000	1,010	57	10,059.10	282	4,673.50	2.80	4,763.50					
8. Bale (Country)	Horned Cattle	7,933,500	15,867	417	45,412.77	102	15,807	1	15,903					
	Goats	8,640	246	37	4,541.70	25	96	—46						
9. Schaffhausen	Large Livestock	6,108,075	11,111	393	11,579.12	280	28,405.33	2.50	30,742.44					
	Small Livestock	318,185	3,329	219	6,511.61	42	2,500.9	—70						
10. Grisons		310,42,594	68,094	1,771	50,579.81	292	126,806.07	1.87	126,980.97					
	Horned Cattle	3,410,500	68,211	1,873	103,155.38	87	68,211	1	71,700					
11. Argau	Goats	237,856	6,999	420	35,209.12	17	3,108	—50						
	Livestock more than 1 year old	26,883,500	58,797	2,577	35,209.57	140	5,007	1	59,931					
12. Thurgau		1,047,860	12,428	212	12,500.72	58	6,101	—67	4,181.04					
13. Ticino		1,033,051	6,200	331	25,002.66	172	3,181.4	—67	68,375.50					
14. Vaud		28,008,108	69,410	1,287	287,003.05	209	48,765.50	1.14	22,157					
15. Valais		7,538,338	22,157	502	89,105.10	178	22,157	1	26,000					
16. Neuchâtel		4,386,000	5,772	178	27,000.39	149	2,507.3	—85						
17. Geneva		6,180,531	15,245	313	58,206.97	177	26,499	2	26,499					
	Total	388,150,258	783,108	23,087	271,542,015	1,067	1,067,523.6	1.24	468,705.12					
	General Total	2,537,594	8,831	2,000	5,071.834	280	1,107.6	—30	9,810.72					
	Approximate figures: (1) A Large Livestock, Horned Cattle, B. Small Livestock, Goats	3,300,681,552	8,240,889	230,000	27,560,534	1,122	9,498,773.62	1.12	9,810.72					

The above table further shows that the average amount of the cantonal subvention was 1.24 fr. per head of large livestock insured and 0.41 fr. per head of small livestock or per goat. The general average was 1.26 fr. per head and the Confederation, for its part, contributed an equal amount. Last year the general average was slightly higher, 1.24 fr. per head of livestock (1.30 fr. per head of large and 0.41 fr. per head of small livestock).

## § 2. HAIL INSURANCE SOCIETIES.

For many years hail insurance has been undertaken by only two national mutual societies: the *Société Suisse d'assurance contre la grêle* (Swiss Hail Insurance Society) of Zurich and the *Paragrêle* of Neuchâtel. The first transacts business in the whole territory of the Confederation and insures all agricultural produce; the field of the second is limited to the canton of Neuchâtel and it only insures vineyards.

The report of the Federal Supervision Office declares that the weather in the year 1912 was exceptionally varied. "An extraordinarily mild winter, almost without snow storms. March even warmer, with plentiful rains introducing a very early spring, arrested by cold and dry weather in April. May and June were as usual. The summer was very variable, rainy and cold and various crops suffered considerably. October and November were rather cold. Finally, in December the weather was temperate and rainy.

Under these circumstances the year did not present serious hail risks. The statistics of the Swiss Meteorological Office show that in 1912 the hailstorms were about half as many as in the preceding year. Heavy hail was registered for only 22 days: 518 communes suffered. The storms were distributed over 210 districts. We must also take into consideration the local hailstorms only damaging one or two communes; storms limited in this way were registered as occurring on 21 days and 39 communes suffered. However, the above number of communes is not to be taken as the actual total; it is arrived at by adding up the number of the various communes (or districts) affected by each storm; and so a single commune (or district) may be counted more than once."

In 1912, the heaviest hailstorms occurred on June 6th. (in the territory of 41 communes), June 23rd. (48 communes), July 6th. (47 communes), July 28th. (125 communes) and August 10th. (57 communes). In 1913, as reported by the management of the *Société Suisse*, hailstorms were very numerous in the territory in which this society works, 499 communes suffered, 355 in a single day; there were two days of hail in 101 communes, 3 days in 30, 4 days in 7, 5 days in 2, 6 days in 1, 7 days in 2 and 8 days in another. The earliest losses were reported on April 5th. and the latest on September 14th., and that day the losses were heaviest: in fact in this year, 1913, the heaviest hailstorms occurred on:

May 31st. . .	losses estimated at	102,001.40 frs.	(915 reports).
July 27th. . .	" " "	45,285.10 ..	
August 29th. .	" " "	67,425.40 ..	
September 1st.	" " "	70,798.90 ..	(715 reports)
September 14th.	" " "	221,956.70 ..	(1,676 reports)

Altogether the *Société Suisse* registered 60 days of hail in 1913 in 1912) as follows:

April . .	3 days with losses estimated at frs.	83.00
May . .	11 " " " " " "	180,629.90
June . .	15 " " " " " "	59,378.90
July . .	11 " " " " " "	107,613.50
August .	12 " " " " " "	132,737.10
September	8 " " " " " "	301,243.30
Total . .	60 days with losses estimated at frs.	781,684.70

The cantons in which the losses were most serious were those of Berne and Lucerne (in which the claims amounted respectively to 292,501.70 frs. and 183,837.60 frs.); an exhaustive study on the geographical distribution of hail in Switzerland has been published by Dr. Maurer, Director of the Central Meteorological Office of Zurich, and some of the conclusions come to by him were reproduced in an article published in the 34th volume of this *Bulletin* (October 1913, p. 51). In 1912 the total amount of the claims paid by the *Société Suisse* was 650,840.80 frs., which is far less than in 1913; again, in 1912 about three fourths of the losses during the entire year were due to only four days of hail (June 6th. and 23rd., July 28th., and August 10th.). As the reports of losses accumulate in this way in a few days, the work of estimation becomes more difficult and, both in 1912 and in the following year, it had often to be interrupted, owing to persistent rains; besides, in the case of certain kinds of produce, such as fruit, grapes and cattle foods, controversies often arise in regard to the estimated yield.

The following figures show the progress made by the *Société Suisse* in the three years, 1911-13:

(a) *Société Suisse*:

	1911	1912	1913
(1) Number of Policies	61.93	65.361	63.497
	frs.	frs.	frs.
(2) Amount Assured .	71,322,080	79,857,960	71,173,020
(3) Premiums Collected	1,138,311.80	1,353,783.60	1,049,823.70
(4) Claims Paid . . .	1,419,553.10	650,840.80	781,684.70

From the above figures we see that 1912 was a good year for the society; in 1913, however, there was an appreciable decrease in the amounts assured and, consequently, in the premiums collected; the decrease in the amounts assured was specially observable in the case of fruit, 5,365,380 frs., vines, 2,897,180 frs. and grain, 1,674,100 frs.; already in the previous year there had been a great decrease in the number of vineyards insured, which proves the seriousness of the crisis through which Swiss agriculture is passing. In 1913, there was an increase in the amounts assured on cattle foods (1,014,524 frs.), vegetables (174,800 frs.), potatoes, other hoed crops and miscellaneous produce (74,020 frs.).

The average amount assured per policy decreased from 1,222 frs. in 1912 to 1,122 frs.; and this is easy to understand when we remember that 1913 was a bad year for Swiss agriculture in every respect, meteorological, agricultural and commercial.

For the *Paragrêle* we shall only give the figures for 1911 and 1912.

(b) <i>Paragrêle</i> :		1911	1912
(1) Number of Policies . .		677	604
	frs.		frs.
(2) Amounts Assured . .	718,210.85		661,386.65
(3) Premiums Collected . .	86,355.30		39,807.20
(4) Claims Paid . . . . .	171,328.80		3,785.80

The reserve fund increased from 92,775 frs. in 1911 to 133,500 frs. in 1912; like the *Société Suisse*, the *Paragrêle* has no reserve against current risks, as the insurance year and the working year terminate at the same date. It placed 3,456.45 frs. to the reserve fund for claims in course of settlement: the commissions and agency expenses amounted in 1912 to 1,334.15 frs.; the general expenses including taxes to 3,796.68 frs.; the proportion of the amount of the commissions and expenditure to that of the premiums collected was 12.9 %. We shall return to the subject of the financial conditions of the *Société Suisse* in the following section.

The report of the Federal Office, finally, shows the subventions granted by the Cantons and the Confederation for the extension of hail insurance, in terms of art. 13 of the federal law of December 22nd., 1893, on the improvement of agriculture, and art. 76 of the Regulations of July 10th., 1894, for the application of the law.

The subvention given by the Confederation is intended for those cantons that facilitate and encourage the extension of hail insurance, undertaking to pay the cost of the policies on their own account, contributing to the payment of premiums or constituting a reserve capital. The federal subvention may never exceed the amount granted by the canton.

In 1912 the cantons that granted subventions were 21; only four, Uri, Glarus, Ticino and Grisons gave none, and thus the farmers insuring their produce in these cantons received no subvention from the Federation.

generally, the cantons undertake on their own account to pay the costs of the policies or a part of the premiums (varying from 15 % to 40 %), and the Confederation repays them half the amount of this expenditure, as is seen in Table III :

The development of hail insurance encounters special difficulties in Switzerland. Dr. Rohrbeck in his book on the organization of hail insurance has given an excellent summary of them : while, on the one hand, the risks of hail are exceptionally serious in this country, on the other, the cultivated area to be insured is very small.

The total area of Switzerland is a little more than half that of Bavaria. In addition, the constant increase of livestock improvement leads to a diminished cultivation of grain, but grass and cattle foods suffer little from hail and consequently in the regions least exposed to it the necessity of insuring them is not even felt, while, if the cultivation of grain is decreasing, on the other hand, there is an increase in the cultivation of fruit, and vegetables and vines. Those products must, therefore, be insured that are very easily damaged by hail or afford the farmer a good revenue. Consequently, in Switzerland a diminution in the amounts assured causes the amount of the premiums to vary considerably.

The history of hail insurance in Switzerland is, therefore, singularly instructive. A mutual society was founded in 1825 at Berne, but it was always in financial difficulties and in 1850, owing to the competition of foreign societies, it had to go into liquidation. The fate of a society founded at Lucerne in 1836 was similar, notwithstanding that the Canton had granted it an annual subvention, first of 1,200 frs. and then of 2,000 frs. In 1857, it ceased working, never having been able to pay the claims on it in full. Similarly, a Government institute, enjoying a monopoly, founded by the canton of Fribourg in 1847, was obliged in 1880 to yield the field to foreign societies; experience showed that the territory of a canton was too restricted for a strong insurance institute.

Between 1850 and 1880 hail insurance was undertaken in Switzerland chiefly by foreign, German and Austrian, societies; the field of the *Magdeburger*, a society limited by shares, was exceptionally large. But the idea that a national mutual society would more easily win the confidence of the farmers was not slow in making its way, although another cantonal society for the insurance of vineyards, the *Paragrêle*, which is still working to-day, was founded in 1875, and favourers of a cantonal institute were not lacking, even in the canton of Zurich.

In 1879 there was founded in Zurich what was called a committee of intercantonal initiative to start active propaganda among all the Swiss agricultural associations in behalf of the constitution of a national mutual society and, on April 4th., 1880, the *Société Suisse* was definitely constituted.

Finally, before we give the chief principles sanctioned in the rules and the conditions of insurance in this society, it will be well to remark that as far back as 1880 it was proposed by some to make insurance against hail in public cantonal institutes or private societies compulsory by law. This idea, rejected by the Commission entrusted with the constitution of the

TABLE III. — Subventions Granted for Hail Insurance in 1912.

Canton	Policies	Amount Assured	Premiums	Cantonal Subventions			Federal Subventions
				(a) Expense to Policies	(b) Premiums	(c) Total	
		frs.	frs.	frs.	frs.	frs.	frs.
1. Zurich . . . . .	5,466	5,448,500.—	128,385.70	10,828.70	32,096.27	42,924.97	21,462.48
2. Berne . . . . .	13,701	19,580,330.—	261,858.40	28,028.80	60,768.92	88,797.72	44,698.86
3. Lucerne . . . . .	5,596	12,797,010.—	205,530.30	12,438.80	41,106.00	53,544.86	26,722.43
4. Schwyz . . . . .	919	1,757,190.—	33,250.50	1,731.10	9,970.95	11,702.05	5,854.62
5. Upper Unterwalden . . . . .	291	275,880.—	5,744.50	501.30	1,148.90	1,770.20	855.10
6. Lower Unterwalden . . . . .	546	499,770.—	10,933.80	810.90	2,186.70	3,603.60	1,501.53
7. Zug . . . . .	820	2,127,860.—	38,058.30	1,819.50	11,417.49	13,236.99	6,618.50
8. Fribourg . . . . .	1,815	2,967,240.—	31,109.30	3,404.50	6,233.56	9,608.70	4,849.38
9. Solothurn . . . . .	443	3,904,810.—	49,861.20	8,136.80	10,306.58	18,443.78	9,221.89
10. Basle-City . . . . .	37	98,910.—	1,689.70	74.00	675.88	750.48	375.21
11. Basle-Country . . . . .	2,673	1,766,730.—	24,532.80	5,179.90	8,256.31	13,436.21	6,718.10
12. Schaffhausen . . . . .	2,522	2,150,840.—	42,703.40	4,495.—	10,339.15	14,774.15	7,372.07
13. Appenzel-Ext. . . . .	819	1,071,410.—	19,006.10	1,515.00	5,701.83	7,217.43	3,608.71
14. Appenzel-Int. . . . .	104	197,010.—	2,377.—	101.—	350.54	460.54	230.27
15. Saint Gall . . . . .	3,002	4,279,060.—	54,106.40	8,293.80	11,020.99	20,214.79	10,107.30
16. Aargau . . . . .	12,153	8,048,740.—	122,036.20	21,015.20	36,610.80	58,226.00	29,113.03
17. Thurgau . . . . .	3,929	3,128,560.—	40,207.—	6,686.—	12,167.42	18,853.42	9,426.21
18. Vaud . . . . .	3,840	6,773,780.—	153,257.00	10,787.10	46,127.37	56,914.47	28,457.23
19. Valais . . . . .	88	74,960.—	3,072.50	234.60	1,022.55	1,256.85	628.42
20. Neuchâtel . . . . .	1,389	1,665,900.70	71,859.75	531.81	28,741.40	29,203.24	14,640.62
21. Geneva . . . . .	677	1,803,550.—	93,797.00	1,550.30	56,224.70	57,755.—	28,877.50
Total . . . . .	65,421	80,405,160.70	1,301,689.05	159,494.74	393,386.79	522,701.61	261,395.78
" 1911 . . . . .	61,091	72,036,160.—	1,210,885.02	123,221.51	331,579.36	454,820.87	234,137.60
" 1910 . . . . .	60,597	67,981,660.—	1,068,304.55	118,807.21	278,330.35	397,137.56	191,648.37
" 1909 . . . . .	58,701	62,934,281.—	1,000,881.55	115,103.30	257,011.58	372,114.88	176,617.11

*Société Suisse*, has again often been brought forward in later years and two proposals for compulsory cantonal hail insurance, one for the canton of Vaud, the other for that of Ticino, have been amply dealt with in this Bulletin (1).

And at the general meeting of the *Société Suisse* in 1913 the question of the advisability or otherwise of making hail insurance compulsory by law was again raised; but in the report presented at the next meeting in 1914 the management of the Society declared that, in view of the statistics available, if it were desired to make hail insurance compulsory in Switzerland it would be necessary to make the premiums higher than they are at present in the *Société Suisse*.

### § 3. ADMINISTRATIVE ORGANIZATION OF THE SOCIÉTÉ SUISSE D'ASSURANCE CONTRE LA GRÊLE (SWISS HAIL INSURANCE SOCIETY).

The rules of the "*Société Suisse*", in which the functions of the various executive authorities of the society are defined, have been often revised, in 1892, in 1895 and 1896, in 1898, in 1900, etc.; those now in force were passed at the general meeting of March 21st., 1909, and approved by the Federal Council on April 6th. of the same year.

Some general provisions contained in the first chapter of the Rules, although not properly regarding the administrative organization of the society deserve to be noted. Thus article 1 lays it down that the society, as a mutual association, is regulated by chapter 27 of the Federal Code of Bonds of 1881. "Its object is not to make profits, but only to compensate its own members for losses caused by hail to agricultural produce within the limits of the rules and the conditions of insurance. The capital of the association is the sole guarantee it offers, the members have no personal liability or the obligations of the society."

By article 3 the operations of the society are limited to the territory of the Swiss Confederation; at its start, indeed, it extended its business to other countries, especially to Württemberg, Baden and Alsace, but, after the heavy hail storms of 1880, which imperilled the future of the society, it was decided no longer to undertake foreign risks.

Any persons desirous of becoming members must sign a form of application for insurance; in this they accept the provisions of the rules and the conditions of insurance and undertake to pay the supplementary premiums and taxes eventually necessary to meet the losses and the expenses of the business. Members may be admitted individually or collectively; in the latter case, which is specially advantageous for small farmers, as they can in this way make a saving on the cost of the policy, special insurance conditions are established, according to the circumstances.

(1) See vol. 26, January, 1913, and vol. 34, October, 1913.



Unless there are vices of form or irregularities in the application for insurance, such as to give rise to serious error, membership commences from midday of the day following that on which the application reaches the management of the Society, before payment of the premium and the costs of the policy. The management may refuse applications for insurance, stating the reasons for such refusal and the applicant may appeal to the Council of Administration.

For resignation, notice of denunciation of the insurance contract must be forwarded before the first of November. The society may also denounce contract within the same term. In the early years of the society the term for denunciation, as in almost all the German societies undertaking this branch of insurance at that date, expired on the first of September. In 1900, the rules were revised and the term extended generally from September 1st. to October 1st.; in the case of members who had suffered losses it was extended to November 10th., and, in that of those whose premiums were increased, to May 15th. of the year in which the increase came into operation. The existing rule, fixing November 1st. as the general limit for the term for denunciation, has extended the right of members to denounce.

The executive authorities of the society are: (1) the general meeting; (2) the district meetings; (3) the Council of Administration; (4) the committee of examiners of accounts; (5) the managing director; (6) the agents. We shall not consider the details of their work, but only indicate the special features of the administrative organization of the society, distinguishing it from the majority of insurance societies working in other countries.

The *general meetings* of members are ordinary or extraordinary, the ordinary meetings are called every year, at latest in March, the extraordinary are called in accordance with a decision of the Council of Administration or on the demand of a fifth of the number of district delegates.

The character of public utility enjoyed by the society is confirmed by the manner of its composition; article 13 of the rules, in fact, declares that "the general meeting shall consist of delegates appointed for three years at the district meetings. The members of the Council of Administration, the examiners of accounts, the managing director, a representative of the Federal Council and one for each of the Cantons that grant subventions, have a right to attend the meeting.

"Only the delegates of the district meetings, the members of the Council of Administration and the examiners of accounts may vote." We shall hereafter have an opportunity of examining the system of subventions adopted by the Confederation and the cantons for the encouragement of hail insurance; for the present it is enough to say that, just in consequence of the grant of subsidies to this class of thrift, the cantons also expressed a desire to have representatives on the Council of Administration of the society so as to exercise a certain supervision over its work. So since 1895, the representatives of the cantons have been admitted to the general meeting, with right to speak but not to vote.

The general meeting has to appoint the members of the Council of Administration, and the examiners of accounts, to approve the balance sheet.

to deal with eventual complaints, etc. The delegates to the general meeting have a right to a travelling allowance.

Article 23 of the Rules provides that "special insurance districts shall be created in the various cantons in accordance with the number of the members and the local circumstances." The members resident in the districts unite in *district meetings* whenever circumstances require it, but at least once every three years, in autumn. Every district meeting appoints, for a period of three years, a committee consisting of a president, a vice president and a secretary. The president conducts the current business and calls the meetings.

Every district meeting, when there are not more than 250 policy holders in the district, appoints a delegate to the general meeting together with his deputy; if, in the district there are more than 250 policy holders, two delegates and two deputies are appointed. The delegates are appointed for three years by a majority of the votes of those present. Only members are eligible.

This system of constituting the general meeting of delegates, which we should be glad to see followed by the large mutual societies of Italy, has given good results; in the annual reports of the *Société Suisse* we do not find record of any serious differences among the various groups of members, as often happens in smaller societies (1). The last general meeting held on March 1st., 1914, as always, at Zurich, was attended by 222 delegates.

The number of delegates per district meeting was limited to two in 1862; up to 1895, it was sufficient for the district to have 100 members in order for it to be authorized to send two delegates to the general meeting; in 1895 this number was raised to 200 and in 1900 again to 250, on account of the continued extension of the society and in order not to have too large meetings.

The *Council of Administration* consists of 11 members, appointed for three years at the general meeting, who may be re-elected immediately. If any one of them ceases to be a member of the council during the working year, the next general meeting appoints his substitute, while, by the rules in force previous to the present ones, the Council itself had to substitute him.

Among the duties of the Council of Administration, let us mention: the carrying out of the decisions of the general meeting, the examination of the safe, decision as to the amount of the supplementary premiums and eventual contributions to the reserve fund, and also with regard to the investment of the profits and the capital and the conclusion of reinsurance contracts; the division of the sphere of action of the society into insurance districts, the establishment of the conditions of insurance and the premium tariffs, the appointment of the managing director, experts, etc.

(1) In Italy the constitution of delegates' meetings has only been requested in the case of the *tontine Societies* (art. 8 of Law no. 533 of July 7th., 1907).

Every year, in its first session, after the ordinary general meeting, the Council appoints from among its own members a president, a vice-president and a secretary.

The *Committee of Examiners of Accounts* consists of three members and two deputies, appointed for three years at the general meeting. Its duty is to examine the books and the balance sheets and to report to the general meeting on the whole course of business.

Both the members of the Council of Administration and the Committee of Examiners of Accounts have a right to counters for every meeting attended and to the payment of their travelling expenses.

The immediate management of the business is entrusted to a *managing director*, who is appointed by the Council of Administration for a term of 6 years and can be immediately re-elected. He is charged to see that all the provisions of the rules, the insurance conditions and the instructions he receives from the Council are observed and carried out and is responsible for this part of the business. Before 1895, the managing director appointed and dismissed the agents and the experts; since then the Council of Administration is entrusted with the duty.

The managing director represents the society with third parties; for some more important administrative acts, such as the purchase and sale of real estate, constitution and cancellation of mortgages, the grant of loans, the issue of bonds or bills of exchange, the conclusion and denunciation of contracts of reinsurance or lease, proceedings at law, etc., authorization in writing from one of the members of the Council of Administration is required.

The staff is not numerous, since in 1913 the total amount paid in salaries was not much more than 50,000 frs.; besides the managing director, there is a vice-director, a chief accountant and about ten other officials; in the period of greatest activity, when the contracts are being renewed or losses being reported, temporary assistance is obtained.

In order to obtain new members, every insurance business has to make use of paid agents who inform the public of the advantages of a particular kind of thrift, and, by persistence and suggestion, induce people to insure. In the competition between the various undertakings, the victory very probably falls to the society that has the best group of agents.

Even in this connection the history of the *Société Suisse* is most instructive: in the early years of its activity it had local agents charged to arrange insurance, only indirectly through the principal agencies in the chief towns of the cantons, which were entrusted with the issue of the policies.

But already in 1882, the management, desirous of reducing the working expenses, began to enter into direct relations with the local agencies, keeping the issue of the policies in its own hands.

The experiment was satisfactory. In the report it made out for the 25th working year, in 1904, from which we derive our information, it is stated that not only by the suppression of the principal agencies was a saving of time and money obtained, but the other agents could be paid at a

higher rate, and their zeal thus stimulated. In special meetings, held in 1889 and 1890, in various cantons, the agents received the necessary instructions for the proper accomplishment of the task with which they were entrusted and the public agencies were all got rid of.

In 1904, in the 21 cantons in which the society worked, there were 189 agencies. Whilst up to 1900 they were not obliged to give any guarantee, article 46 of the existing rules requires them to give security for the collection of the premiums with which they are entrusted. The amount is fixed by the Council of Administration.

The number of agents varies in the different districts according to the requirements; they are bound to answer questions with regard to tariffs, to give out application forms and receive them duly filled in. They are not authorized to assume obligations or to conclude contracts in the name of the society or to receive reports of losses or denunciations of contracts, valid for the society. The Rules expressly state -- and the provision is also inserted in the policy -- that if the agent undertakes to draw up proposals for insurance, or to draw up and forward reports of losses, he acts exclusively as the representative of the insured party.

The *Société Suisse* has not a special office with permanent officials for the settlement of claims. As the cases arise, it charges trustworthy farmers to deal with them on their giving security of impartiality and competence; in addition to this, in agreement with the schools of agriculture of the various cantons, it has organized special courses of instruction in estimating damage caused by hail. In 1904 the list of the persons who declared themselves ready to assist in the estimation of damages as experts of the society or representatives of the policy holders included 145 names.

#### 14. TECHNICAL AND FINANCIAL ORGANIZATION OF THE "SOCIÉTÉ SUISSE D'ASSURANCE CONTRE LA GRÊLE" (SWISS HAIL INSURANCE SOCIETY).

While the principles in accordance with which the society is administered are to be found in the Rules, in the insurance conditions we find indicated the standards adopted by it in the selection of risks, in the establishment of premiums and the settlement of claims; on all these principles the technique of hail insurance is based. It is the result of many years' experience in every insurance undertaking and very often the *Société Suisse* has had to amend and improve, in accordance with the dictates of experience, its insurance conditions, in which the technique of every branch of insurance finds its expression.

It must be further stated that, as already indicated, the federal law of April 2nd., 1908 on insurance contracts contains several provisions in regard to the object of the insurance, the payment of the premium and the estimation of losses, which, as they are of a compulsory nature, cannot be departed from by the contracting parties. The insurance societies working in Switzerland have therefore to bring their insurance conditions into conformity

with the law, and art. 12 of the conditions of the *Société Suisse* declare expressly that the society has no other obligations in respect to the policy holder beyond those contained in the policy and in eventual schedules, subject always to the imperative provisions of the federal law on insurance contract.

So much premised, we shall give here not all the technical details of the work of the *Société Suisse*, but only some of the principles by which it is inspired, which seem to us most deserving of study, distributing them in three groups, according as they refer to the selection and determination of risks, the payment of premiums and the estimation of losses.

(a) *Selection and specification of risks.* — In the case of grass and cattle foods, it has been decided to make a rule of insuring the whole year's crop, an exact indication being given of the value of each cutting. Each cutting is considered separately as a special crop.

Beetroot whether grown for sugar or for cattle food is only insured from the first of June and the insurance is based only on the quantity and not on the quality of the produce. Up to 1900 this crop were only insured from June 15th.

To prevent the farmers only insuring the crops most liable to suffer from hail, it is laid down that the insurance shall cover all the utilisable portions of the crop, and hence, in the case of grain, also the straw. The value of the straw is fixed as follows: (1) for wheat, rye, (winter and March grains) and spelt at a third of the amount assured; (2) for barley, oats, buckwheat, millet and other March grains, at a fourth; (3) for oleaginous and leguminous plants, maize and cattle foods for seed, at a tenth; (1) at the desire of the policy holder the value of the straw may be reduced.

In the case of vineyards the society does not insure against damage to plants and tendrils, but only the fruit and even in the case of fruit — except as regards table grapes — it only considers the quantity not the quality. In the application for insurance the yield per hectare must be stated; the amount assured is calculated on the value of the wine not on that of the grapes. If the vintage, after being insured, is destroyed or damaged by a spring frost, the policy is cancelled and the premium refunded, provided application be made for it within the 12 days following the frost and that in the mean time the vineyard is not damaged by hail. By this provision the farmer is induced to insure in the early months of the year.

The insurance of vineyards always gives rise to many difficulties and it is in the field of vineyard insurance, and fruit insurance, we find the number of members insuring varies most considerably from year to year: unlike many other societies, the *Société Suisse* insures grapes even before

(1) Compare the rules for insurance of straw in the Bavarian Insurance Institute as shown in the 44th. volume of this *Bulletin* (August, 1914), p. 64.

TABLE IV. — Amounts Assured on Each Kind of Crop in proportion to the Total Amounts Assured by the "Société Suisse d'Assurance contre la grêle."

Year	Grain		Cattle Feeds		Potatoes		Fruit		Grapes		Total Amount Assured Frs.
	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	
1880	7,204,910	78.81	500,370	5.43	244,260	2.54	207,940	2.91	895,040	9.17	9,218,121
1881	8,300,170	81.40	308,950	3.00	108,910	1.93	370,200	3.59	810,880	8.22	10,308,265
1882	8,577,130	87.73	213,130	2.18	138,020	1.41	213,250	2.18	313,580	5.56	9,777,519
1883	8,591,510	86.94	183,130	1.80	138,900	1.41	213,130	2.48	617,510	6.25	9,881,842
1884	7,835,190	85.33	174,250	1.88	126,000	1.33	211,000	2.63	705,490	7.68	9,182,957
1885	6,319,300	82.07	149,100	1.89	87,530	1.13	192,870	2.50	886,230	11.51	7,745,267
1886	5,291,620	86.23	113,130	1.92	61,250	1.02	98,880	1.95	380,570	9.34	6,900,000
1887	5,280,170	85.74	121,350	1.97	70,600	1.03	171,830	2.78	457,950	7.44	6,106,570
1888	5,130,880	84.58	122,000	1.95	78,170	1.20	130,230	6.08	130,200	7.15	6,206,570
1889	6,257,080	85.20	107,200	2.69	99,930	1.32	239,730	3.40	436,910	6.21	7,313,920
1890	9,075,120	79.18	47,330	4.15	220,240	1.92	684,490	5.82	629,000	5.39	11,011,900
1891	12,030,740	77.00	1,305,030	8.30	336,470	2.11	500,000	2.99	1,806,000	8.82	16,837,750
1892	15,611,750	79.23	1,815,030	9.01	490,870	2.23	1,006,460	2.31	3,024,500	18.52	20,371,340
1893	14,709,800	66.48	1,870,580	7.91	119,720	1.39	653,130	2.21	6,057,280	22.74	20,289,650
1894	18,743,330	64.12	2,418,830	8.26	405,070	1.91	811,100	2.73	6,523,070	22.31	26,241,200
1895	19,243,330	62.42	2,687,230	9.10	538,280	1.91	811,100	2.73	6,523,070	22.31	26,241,200
1896	19,743,330	58.82	3,176,230	9.42	626,100	1.81	1,001,000	2.12	7,293,110	23.38	33,256,700
1897	20,904,800	60.57	3,176,230	10.38	678,000	2.05	1,001,000	2.12	7,293,110	23.00	33,256,700
1898	23,004,800	50.85	1,100,110	16.73	732,220	2.10	2,213,200	2.79	6,817,810	20.20	48,562,810
1899	23,132,800	61.30	1,033,330	11.00	793,710	1.86	2,914,300	2.69	6,817,810	18.70	48,562,810
1900	22,072,800	60.24	1,033,330	10.70	793,710	1.86	2,914,300	2.69	6,817,810	18.70	48,562,810
1901	23,875,130	63.29	468,000	12.38	717,700	1.93	1,357,000	3.08	6,103,600	18.63	37,662,160
1902	21,004,330	61.00	487,000	12.90	824,510	1.99	1,357,000	3.08	6,103,600	18.63	37,662,160
1903	20,710,200	61.76	5,837,230	13.48	824,530	1.99	1,357,000	3.08	6,103,600	18.63	37,662,160
1904	27,027,010	59.72	9,000,130	14.13	1,291,230	2.22	3,062,200	6.42	6,552,130	1.18	46,065,420

the vines flower, securing its members against disasters that occur even before May 21st.

Fruit is, as a rule, on the contrary, insured from that date; in the application, the number of trees must be shown separately for each farm, and each kind of fruit (apples, pears, cherries, etc.).

From the above table published by the *Société Suisse* for its 25th. working year, it will be seen what was the proportion of each crop to the total amount assured, in the years 1880-1904. It is to be observed that, with the diminished cultivation of grain in Switzerland, the amounts assured on grain are also slowly decreasing, whilst increasing amounts are insured on cattle foods and potatoes. In addition to the crops included in the table, the society insures tobacco, every kind of vegetable, garden and market garden produce, etc.

In the applications for insurance, on the forms for which the motto of the society is printed: "One for all, all for one", special indication must be made of the area and boundaries of the farms the crops of which are insured, the harvest anticipated and the amount assured. The insurance must never be a source of financial gain for the policy holder, and so the compensation must never exceed the amount of the value the crops would have had if not damaged by hail. The application must be renewed every year: the first year new members have full liberty to choose which crop they will insure; but in subsequent years the same crops must be insured by the insurer on the same farms.

The farmer is bound to insure all his crops of the same character situated in the same territory of a commune; up to 1895 the policies did not contain this double obligation with regard to the quality and area. The farmer is strictly bound to declare the fact expressly if the crops he wishes to insure have already been damaged by hail during the year in course.

Applications for insurance are accepted up to July 31st. and the insurance takes effect from midday of the day following that on which the application reaches the management, on condition, however, that the premium and policy charges have been paid. It is also attempted to specify the risk in respect of time; even if the new contract for the year in course is not yet concluded, the society binds itself to give compensation for all losses occurring before May 21st., except for damage to fruit, but on the express condition that the new application (in which the value of the crop, as anticipated before the hailstorm, must be shown) must be sent to the society accompanied by the report of the loss. The object of this provision is evidently to maintain in force the contracts passed in the previous year and to prevent denunciations of contract; in addition, whoever renews his insurance at an early date has this advantage that, in case of loss, the compensation is calculated on the basis of the amount assured in accordance with the most recent application, instead of with that for the preceding year and, finally, also the amount of the insured value not compensated is reduced by one half (10 % instead of 20 %). Notwithstanding this, the number of members who did not renew their contracts before the 21st. of May, 1912, and had to report losses was 600.

The losses suffered after the 20th. of May are only compensated if the new contract is already in force; finally, the contract expires every year as soon as the produce is gathered or stacked (in sheaves, ricks, etc.).

The following table clearly shows the length of the period of hail risks in Switzerland and in what months the hailstorms are most frequent and most serious; in Italy the period is much longer, and hailstorms are much the most frequent in April and October.

(b) *Payment of premiums.* — The premiums are calculated on the basis of the statistics of frequency of hail in the various communes and the greater and less liability of the produce assured to suffer from hail.

Some societies also calculate the premium in proportion to the area of the farm assured; the *Société Suisse* fixes it in relation to the amount assured. The produce to be assured is grouped in four classes of risks, according to its liability to suffer by hail, and the premium tariff varies for each class; within each class again, other sub-classes are formed, corresponding with so many degrees of risk. Thus, for example, the premiums for the insurance of grapes vary from a minimum of  $4\frac{1}{2}\%$  to a maximum of  $7\frac{1}{2}\%$  of the amount assured, with five intermediate rates, whilst the foreign societies working in Switzerland before 1885 charged premiums varying from  $3\frac{1}{2}\%$  to  $10\%$  with 7 intermediate rates.

Together with the premium, the expenses in connection with the policy must be paid (1.50 frs.); stamp tax (varying with the cantons) and postage (3 cent.); payment must be made in full at latest, when the policy holder is notified of the arrival of the policy at the agency and it is consigned to him.

We must further note the provision, contained in the conditions of the policy, by which members who for three years have presented no claim have a right to a reduction of from  $5\%$  to  $20\%$  on the first annual premium. In this way even those policy holders who have paid their premiums for some years without receiving any compensation are encouraged to remain in the society and at the same time it is hoped in this way to reduce the number of reports of slight losses that give no claim to compensation, cause the society needless expense and the members only disappointment. In 1912, for example, the premiums were reduced in this way  $10\%$  in the case of 33,874 policies, representing an amount of 55,832.10 frs.

Every year at the end of the season of hailstorms, the Council of Administration makes an investigation in order to see if the revenue from the premiums is sufficient to meet the claims and expenditure; if there is a deficit it decides whether it is necessary to have recourse to a call for supplementary premiums, or to drawing on the reserve fund or to both expedients. The supplementary premium is fixed in proportion to the first net premium and must be paid within 15 days from the date on which notice is sent to the members. It may not be less than  $20\%$  or more than  $100\%$  of the first premium.

Since 1886 the *Société Suisse* has been able to do without such supplementary premiums; but in the early years of its work it was not so. The members had to pay an additional amount of  $40\%$  in 1882 and one of  $50\%$



TABLE V. — Compensation Paid for Losses Caused by Hail in the Years 1880-1904 Distributed according to the Months  
(Société d'assurance contre la grêle).

Year	April			May			June			July			August			September			October			Total		
	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.	Days	Fr.	Prs.
1880	—	—	—	1	936.15	4	14,100.05	12	195,353.60	7	31,452.15	3	3,092.50	—	—	—	—	—	—	—	—	27	244,943.75	—
881	—	383.80	—	2	317.00	9	36,523.20	9	51,132.05	8	34,468.55	4	568.45	—	—	—	—	—	—	—	—	32	123,010.15	—
882	1	—	—	2	4,057.40	7	65,780.95	4	52,384.50	2	2,278.35	2	471.75	—	—	—	—	—	—	—	—	18	123,536.75	—
883	—	—	—	2	332.95	12	39,882.70	15	64,604.85	5	1,157.95	2	649.35	—	—	—	—	—	—	—	—	36	106,087.80	—
884	—	—	—	5	11,354.90	3	2,878.75	13	108,703.55	6	28,801.55	2	390.20	—	—	—	—	—	—	—	—	29	152,947.95	—
885	—	—	—	2	2,381.70	10	218,041.45	3	10,197.40	9	42,537.05	1	31.50	—	—	—	—	—	—	—	—	25	273,189.40	—
886	—	—	—	2	Compensation	9	24,013.10	4	4,840.55	4	1,570.50	4	2,970.05	2	3,569.00	—	—	—	—	—	—	25	37,364.70	—
887	—	—	—	2	total none given	3	5,235.10	11	136,106.90	5	13,283.85	2	1,735.05	—	—	—	—	—	—	—	—	23	156,452.90	—
888	—	—	—	—	—	8	37,113.30	5	82,772.15	13	6,673.80	4	—	—	—	—	—	—	—	—	—	35	136,163.45	—
889	—	—	—	2	3,034.55	4	2,598.05	6	8,304.75	13	97,539.05	—	—	—	—	—	—	—	—	—	—	23	521,000.35	—
890	—	—	—	5	14,034.50	4	112,528.20	5	49,571.00	6	2,026.90	2	1,795.80	—	—	—	—	—	—	—	—	35	136,163.45	—
891	—	—	—	1	17,538.20	2	1,145.40	14	146,938.80	6	4,727.40	1	444.60	—	—	—	—	—	—	—	—	27	195,020.55	—
892	—	—	—	7	5,900.40	9	5,391.60	18	143,850.00	10	11,501.90	1	54.00	—	—	—	—	—	—	—	—	24	164,794.40	—
893	—	—	—	2	3,048.30	2	3,762.40	11	197,908.00	6	109,097.40	1	518.50	—	—	—	—	—	—	—	—	46	166,795.10	—
894	1	36.00	—	6	2,575.70	9	61,690.30	18	108,644.90	10	256,674.00	1	652.20	—	—	—	—	—	—	—	—	29	495,028.20	—
895	—	—	—	2	4,151.70	6	31,828.20	15	497,106.10	14	75,410.20	9	18,226.10	3	5,550.30	—	—	—	—	—	—	34	451,237.10	—
896	—	—	—	3	3,016.10	6	74,297.00	10	481,343.20	9	12,212.80	3	10,032.20	—	—	—	—	—	—	—	—	40	628,278.60	—
897	2	11,161.90	—	7	17,032.30	6	11,339.70	6	372,797.90	5	54,630.40	2	182.30	—	—	—	—	—	—	—	—	35	595,963.20	—
898	—	—	—	5	4,056.30	3	13,569.00	11	25,233.30	7	20,065.70	5	41,235.60	—	—	—	—	—	—	—	—	26	455,892.60	—
899	—	—	—	3	1,553.40	6	136,248.50	16	233,259.80	10	153,159.50	2	1,735.20	—	—	—	—	—	—	—	—	31	105,960.10	—
900	—	—	—	5	2,576.40	13	16,282.40	12	285,311.40	7	149,404.00	4	64,858.80	3	1,497.10	—	—	—	—	—	—	37	570,256.40	—
901	2	10,723.70	—	6	851.10	5	27,378.20	10	239,936.10	13	321,078.70	1	105.80	—	—	—	—	—	—	—	—	46	580,703.80	—
902	2	4,137.70	—	9	15,682.70	9	49,631.70	11	191,274.10	13	321,078.70	3	57,328.10	—	—	—	—	—	—	—	—	39	640,812.20	—
903	—	—	—	6	9,107.00	9	100,571.30	12	131,639.90	9	227,146.60	1	793.00	—	—	—	—	—	—	—	—	41	380,911.30	—
1904	8	20,193.10	—	13	47,200.00	173	1,210,123.95	210	1,829,862.80	202	1,814,004.50	60	93,800.65	9	10,680.50	803	7,943,177.10	—	—	—	—	87	556,248.70	—

in 1884, of the amounts assured; in 1885, in which year the hailstorms were exceptionally serious, and a deficit of as much as 133,000 frs. had to be met, the supplementary premiums were fixed at 2.50 frs. per cent of the amounts assured (and 5 frs. in the case of vine, fruits, tobacco and hops).

But the collection of such high supplementary premiums caused much complaint in the districts that suffered least from hail, and so in 1886 the general meeting of members decided:

(a) to base the supplementary premium no longer on the amount assured, but on that of the first premium, so that the members already paying high premiums in the districts most exposed to suffer from hail, would also have to pay a higher supplementary premium corresponding with the higher risk;

(b) to limit the proportion of the supplementary payment to 100 % of the net premium. Both these provisions are also sanctioned by the law in force.

We must further show how the amount of the cantonal subvention to those insured against hail is fixed; in Table III, we showed the absolute amount of these subventions; most of the cantons refund the policy holders their policy expenses, with the special object of diminishing the cost of insurance for small amounts, or they undertake to pay part of the premium. So, for example, in 1904, the canton of Zurich refunded the policy expenses up to the amount of 2.10 fr. and granted a percentage of 20 % of the premium. And the canton of Geneva repaid the policy expenses up to the amount of 2.40 frs. and granted a subvention of 40 % of the premium.

Thanks to these subventions, the *Société Suisse* has seen the number of its policy holders increase considerably and, while in its first working years it was sometimes compelled to refuse new applications in the case of communes indicated as the most exposed, or to fix a maximum amount for insurance in these communes (called *full insurance*), beyond which it would not insure, it was later on able to suppress both limitations. And in the case of several crops, in various cantons, it was possible, owing to the progress made by the society, even to reduce the premiums considerably; thus, for example, the premiums for the insurance of grapes in the district of Höfe (Schwyz) were reduced from 10 to 6 %; in the commune of Herznach (Aargau) from 8 to 5 %, etc.

In fixing the premiums, the Council of Administration has also to take account of the general economic conditions; thus, in 1914, in consideration of the crisis in Swiss agriculture in the preceding year, it was decided to reduce the premiums even further, in the regions least damaged by hail and not to increase them in any case even in those in which it would have been justified.

(c) *Estimation of losses.* — With the object of saving expenses out of proportion to the amount of the loss, the insurance conditions establish that losses not exceeding 8 % of the value of the crop as estimated by the expert shall not be compensated. In addition, from the amount of the loss recognised as giving claim to compensation, 10 % is deducted,

as the policy holders' own risk, on condition however that the total deduction shall not exceed 7 % of the value of the crop as estimated by the expert.

Up to 1882 the owners' risk was calculated at 8 ½ % and losses exceeding this amount were compensated in full. But in this way the policy holders were encouraged to exaggerate the losses they suffered, and so it was held advisable to establish the principle, by which, whoever, for example, has suffered a loss of 30 % must bear the loss of 8 % as his own share of the risk just in the same way as when reporting a loss of only 8 % for which he has no right to any compensation. This principle has been maintained in all the various revisions of the rules, and the existing policy conditions expressly declare that in estimating the amount of compensation no account will be taken of losses of less than 8 %.

The policy holder loses all right to compensation if he purposely contributes to the increase of the loss or gives the society false information with the object of obtaining illicit gains.

According to the insurance conditions in force, losses must be reported within 72 hours from their occurrence; all the societies require from their members the greatest promptitude in reporting losses, as the estimation is easier in proportion to the rapidity with which it is completed. In fact, in 1892 it was decided to extend the above term to 96 hours, but in 1896 it was again reduced to 72 hours, as it was found the extension of the term rendered estimation more difficult. For grapes and fruit the term is 144 hours.

Until the compensation has been settled by the society, the policy holder can make no change in respect to the state of the crops damaged, only when the produce is so mature that harvesting cannot be postponed, he must report the loss within 24 hours from its occurrence, and then can commence harvesting. However, in this case, the policy holder must leave intact at the four corners and in the middle of the field damaged by hail, a sufficient amount of the crop (at least 5 square metres) to allow of an estimation of the total loss.

Payment of compensation is made in accordance with the agreement come to between the policy holder and the expert charged with the valuation, or, in case of appeal, as the court of arbitration decides. The arbitrators (two in number) are chosen by the parties from a list the Council of Administration must make out each year and the conditions of insurance in the policy regulate minutely the procedure of the court. Appeals against the decision of the arbitrators must be sent to the management immediately after the decision; the management examines them and transmits them to the Council of Administration which gives its decision. The policy holder may finally appeal to the general meeting, which decides in the last resort; so there is no appeal to the law courts. In fact, however, most of the claims are settled by direct agreement between the policy holder and the expert of the society; the number of members who, considering themselves wronged by the judgment of the expert, make demand for arbitration, is very small and this is a proof of the good organization of the society.

We now reproduce from a sample forwarded to us by the *Société Suisse*, the following model of a report of losses:

*Example of a Report of Losses.*

*Reports of losses must be forwarded within 72 hours from their occurrence; in the case of grapes and fruit, within 144 hours.*

*The forms are to be had from the agents free of charge.*

*In consequence of a storm on July 14th. of this year, about 3 p.m., passing from south-west to north-east, the agricultural produce insured by policy no. 140 was damaged as follows:*

Number of Farms of Policy	Position of Farms	Kind of Crop	Area Cultivated Ares	Amount Assured	Estimated Damage in Francs $\frac{1}{2}$ $\frac{1}{4}$	How Far Advanced were the Crops?	At What Date was the Harvest Expected?	Observations
1		Wheat	32	220	$\frac{1}{2}$	End of Flowering	Second Half of August	
2		Beet-root	47	170	$\frac{1}{4}$	Third Pair of Leaves	Beginning of October	
3		Vines	22	340	$\frac{1}{3}$	Beginning of the Formation of the Grapes	End of October	

*In case of my absence, when a loss happens, Mr. . . . . . is authorized, as my legal representative, to sign in my name.*

*. . . . . the . . . . . 19: . . .*

*Signed: . . . . .*

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To complete our account of the organization of the *Société Suisse*, we have only now to refer to the means by which it seeks to ensure that its revenue shall always balance its expenditure.

Article 50 of the Rules lays it down that, to meet unforeseen losses and deficits in years of more serious loss a reserve fund must be formed with the help of the profits of each working year, interest on capital represented by it, and any other special revenue. Such revenue must be placed to the reserve fund until it amounts to at least one tenth of the amount insured the year before.

TABLE VI. (I) — Results Obtained by the "Société suisse d'assurance contre la grêle" since its Foundation 1st. Profit and Loss Accounts from 1880 to 1912.

Years	Revenue			Expenditure			Profits	Losses
	Premiums	Net Supplementary Premiums	Other Revenue (Interest on Capital) etc.	Total Revenue	Claims Paid	Working Expenses and Taxes		
1885/1886	1,274,339.49	490,712.80	61,162.14	1,826,214.43	1,408,799.35	390,914.95	175,564.30	148,094.26
1886	205,273.00	---	3,692.22	209,105.90	129,507.30	40,670.87	38,081.73	---
1887	284,128.50	---	3,515.01	285,043.91	203,103.00	51,436.86	31,083.53	---
1888	347,322.90	---	5,193.31	352,516.21	174,704.33	50,217.72	12,593.96	---
1889	436,000.00	---	10,540.91	407,139.44	173,299.85	63,182.86	230,227.73	---
1890	507,000.00	---	14,232.51	581,283.16	510,520.95	71,178.47	60,837.59	---
1891	582,047.75	---	20,672.19	603,340.16	451,437.10	78,225.47	24,830.35	---
1892	710,068.00	---	24,928.01	740,996.01	620,278.60	110,427.88	24,830.35	---
1893	703,220.00	---	23,619.30	726,839.46	593,906.43	119,572.90	29,532.96	---
1894	844,957.50	---	31,914.08	877,102.18	453,892.00	114,407.05	30,713.53	---
1895	723,032	---	34,972.20	758,004.20	103,000.00	105,540.14	50,123.96	---
1896	704,700.30	---	53,341.07	767,074.97	570,295.15	113,344.78	127,332.69	---
1897	701,398.60	---	63,749.26	767,347.86	580,703.80	120,954.21	60,589.85	---
1898	675,014.90	---	67,500.45	739,914.15	619,812.20	115,492.68	372,882.11	26,023.13
1899	808,505.86	---	67,026.31	875,532.17	389,011.30	124,738.70	237,842.30	---
1900	843,324.86	---	78,803.48	923,328.68	530,248.78	129,237.08	175,444.33	---
1901	879,950.40	---	90,330.03	970,536.23	681,836.60	133,955.20	60,601.82	---
1902	930,955.40	---	103,324.19	1,034,306.59	308,303.73	125,900.02	154,800.27	164,809.00
1903	879,175.00	---	113,576.94	991,736.17	1,001,745.20	154,800.27	68,944.27	---
1904	904,490.86	---	145,327.37	1,050,377.14	903,925.45	170,507.67	62,889.75	88,306.01
1905	1,030,380.10	---	120,003.97	1,081,193.87	310,437.10	117,459.52	103,615.31	341,571.72
1906	1,060,603.00	---	149,114.40	1,209,717.47	1,104,378.10	193,615.31	63,889.05	---
1907	1,138,311.86	---	149,394.42	1,228,706.22	1,110,553.10	200,724.84	63,889.05	---
1908	1,353,783.60	---	133,550.19	1,418,669.42	650,860.80	167,112.94	44,440.24	700,094.14
1909	1,377,121.64	109,742.80	153,345.20	20,702,377.54	13,971,581.23	3,116,277.19	44,440.24	700,094.14
1910	1,377,121.64	109,742.80	153,345.20	20,702,377.54	13,971,581.23	3,116,277.19	44,440.24	700,094.14
1911	1,377,121.64	109,742.80	153,345.20	20,702,377.54	13,971,581.23	3,116,277.19	44,440.24	700,094.14
1912	1,377,121.64	109,742.80	153,345.20	20,702,377.54	13,971,581.23	3,116,277.19	44,440.24	700,094.14
Total	18,377,121.64	1,097,742.80	153,345.20	20,702,377.54	13,971,581.23	3,116,277.19	44,440.24	700,094.14

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TABLE No. 1 (Continued).—Swiss cantons: *Revenues, amounts assured, and proportion of the losses of revenue and expenditure to the amount assured.*

Years	Policies	Amounts Assured	Premiums		Supple. Premiums		Other Revenue		Total	Claims Paid		Working Expenses and Taxes		Profits		Losses	
			Frs.	Frs.	Frs.	Frs.	Frs.	Frs.		Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1880-1889	68,633	81,904,741	1,56	—	—	—	0.07	2.23	1.72	0.48	0.21	0.18	—	—	—	—	—
1890	10,291	11,161,490	1.79	—	—	—	0.03	1.82	1.43	0.35	0.34	—	—	—	—	—	—
1891	16,985	16,857,070	1.67	—	—	—	0.02	1.69	1.20	0.31	0.18	—	—	—	—	—	—
1892	24,220	20,479,340	1.69	—	—	—	0.03	1.72	0.85	0.27	0.60	—	—	—	—	—	—
1893	26,673	23,766,350	1.92	—	—	—	0.04	1.76	1.73	0.27	0.96	—	—	—	—	—	—
1894	31,149	29,280,050	1.94	—	—	—	0.05	1.99	1.74	0.24	0.09	—	—	—	—	—	—
1895	34,081	29,231,790	1.99	—	—	—	0.07	2.06	1.54	0.30	0.22	—	—	—	—	—	—
1896	37,031	33,725,790	2.12	—	—	—	0.08	2.20	1.80	0.33	0.01	—	—	—	—	—	—
1897	38,422	33,123,010	2.12	—	—	—	0.07	2.17	1.80	0.30	0.09	—	—	—	—	—	—
1898	42,578	38,797,390	2.28	—	—	—	0.08	2.26	1.77	0.29	0.86	—	—	—	—	—	—
1899	42,578	30,432,820	1.98	—	—	—	0.09	2.07	0.29	0.30	0.33	—	—	—	—	—	—
1900	43,397	37,841,590	2.01	—	—	—	0.14	2.15	1.52	0.32	0.18	—	—	—	—	—	—
1901	43,273	37,210,090	1.88	—	—	—	0.18	2.06	1.72	0.31	—	—	—	—	—	—	—
1902	43,400	37,762,160	1.79	—	—	—	0.17	2.02	1.66	0.26	0.86	—	—	—	—	—	—
1903	47,810	43,295,840	1.87	—	—	—	0.15	2.04	1.90	0.28	0.59	—	—	—	—	—	—
1904	50,411	46,765,840	1.89	—	—	—	0.17	2.07	1.99	0.28	0.32	—	—	—	—	—	—
1905	52,013	46,657,870	1.77	—	—	—	0.20	1.97	1.38	0.27	0.32	—	—	—	—	—	—
1906	55,454	53,793,920	1.73	—	—	—	0.19	1.92	0.57	0.23	1.12	—	—	—	—	—	—
1907	55,360	55,201,780	1.59	—	—	—	0.20	1.79	1.81	0.28	—	—	—	—	—	—	—
1908	59,836	60,307,180	1.61	—	—	—	0.18	1.79	1.41	0.28	0.11	—	—	—	—	—	—
1909	58,493	64,305,530	1.54	—	—	—	0.19	1.74	0.80	0.24	1.09	—	—	—	—	—	—
1910	60,146	67,425,780	1.57	—	—	—	0.22	1.79	1.61	0.28	—	—	—	—	—	—	—
1911	61,931	71,422,080	1.59	—	—	—	0.20	1.90	1.60	0.28	—	—	—	—	—	—	—
1912	64,301	70,857,060	1.69	—	—	—	0.17	1.89	0.81	0.25	0.80	—	—	—	—	—	—
Total	1,070,127	1,061,808,091	1.77	0.65	—	—	0.14	1.96	1.32	0.29	0.42	0.07	—	—	—	—	—

In case of deficits, the Council of Administration, assisted by the Committee of Examiners of Accounts, has to decide whether and to what extent deductions must be made from the reserve fund; however (this limitation was established at the meeting of members in 1900) the deduction, the object of which is to obviate the necessity of a call for supplementary premiums or at least to limit their amount, may never exceed 25 % of the fund.

Only when the deficit cannot be met, even by a supplementary call of 100 % on the premiums and a special contribution of 25 % from the reserve fund, when consequently it would be necessary to reduce the amounts of compensation given, may larger deductions be made from the reserve fund. But, as may be seen from Table VI, the *Société Suisse* has never been in such straits; it has always been able to meet the claims on it by deductions from the reserve fund not exceeding the 25 % limit, without calling for supplementary premiums and without reducing the amount of compensation. At the end of 1910, the reserve fund amounted to 3,415,404 frs.; after falling, at the end of 1911, to 2,985,527.07 frs., in the following years it increased again, so that at the end of 1913 it amounted to 3,832,500.58 frs., a figure never before reached.

In regard to the separate items of expenditure it is well to observe that in 1913, for example, the taxes paid by the society amounted only to 1,569.30 frs.; up to 1904 they were heavier and the society paid that year altogether 8,919 frs. (in State, communal and parish taxes), but a law of 1904 granted the *Société Suisse*, as a mutual organization, many exemptions and the reserve fund was completely exempted from payment of the tax on capital. The amount of 1,569 fr. represents the contribution annually paid, in proportion to the premiums collected for the expenditure incurred by the Federal Council in the supervision of the insurance societies. The contribution by law can not exceed one per mill of the premiums.

In 1913 the expenditure in commissions to agents amounted to 59,040.50 frs.; they received 5 % on the net premiums (total in 1913, 52,490 frs.) and a premium for new contracts of 2 % of the amount assured (total in 1913, 6,550.50 frs.). In the same year the expenses for valuation amounted to 38,388 frs. The reserve fund, which at the end of 1912 amounted to 3,624,516 frs., increased, as already said, to 3,832,500 frs., especially owing to the interest on invested capital (154,449 frs.) and the profits of the preceding year (89,883 frs.); in addition, the reserve fund is increased by the extraordinary revenue received from fines, the balance of the agency accounts, etc.

In virtue of article 53 of the Rules, "the Council of Administration provides every year for the investment of the reserve funds. The amount must be invested in Government securities or deposited in a State Bank; they may not be invested in purchase of securities for the purpose of speculation."

In 1913, as in the preceding years, the *Société Suisse* had invested all its funds, depositing 3,613,000 frs. in the Government Banks; 10,000 frs.

in bonds of the Zurich Cantonal Bank, as security (1): 1,700,000 frs. are deposited in the cantonal Bank of Zurich; in the form of bonds: 1,050,000 frs. are similarly deposited in the Cantonal Bank of Bale; 450,000 frs. in the Cantonal Bank of Thurgau and 100,000 frs. in each of the four cantonal banks of Berne, Solothurn, Saint Gall and Vaud. The *Société Suisse* in this way arranges for a wise geographical distribution of its investments in the territory of the Confederation.

We have frequently mentioned the natural difficulties in the way of the development of hail insurance in a country like Switzerland, which is so mountainous and so much exposed to suffer from hail, and the *Société Suisse* deserves praise for having overcome them all by means of the principle expressed in its motto: "One for all, all for one," which is the basis of all mutual organization. Let us hope that it may also extend its action in the Cantons in which hail insurance has as yet made less progress, especially in those of Southern Switzerland.

(1) By the above law of June 25th., 1883, on the supervision of private insurance businesses, every society, before being authorized to work in Switzerland, must give security, the amount of which is fixed by the Federal Council (See articles 2 and 16 of the law; and executive regulations of October 12th., 1886).



## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE

CANADA.

**ABSTRACT OF STATEMENTS OF INSURANCE COMPANIES IN CANADA FOR THE YEAR ENDED DECEMBER 31st., 1913.** Subject to Correction. Printed by Order of Parliament, Ottawa, 1914, pp. 197.

**REPORT OF THE SUPERINTENDENT OF INSURANCE OF THE DOMINION OF CANADA FOR THE YEAR ENDED DECEMBER 31st., 1913.** Volume I: Insurance Companies other than Life. Volume II: Life Insurance Companies, Printed by Order of Parliament. Ottawa, 1914, Vol. I: CLXXIV + 637 pp.; Vol. II: CLIV + 544 pp.

The final Report was preceded by a few months by an "*Abstract subject to Correction*", containing a short report made after examination of the statements presented to the Superintendent of Insurance by the various companies in regard to the operations conducted by them in Canada.

The final Report itself consists of two large volumes, of which the first contains information in regard to the companies engaged in the various branches of insurance, exclusive of life insurance (fire, accident, livestock, hail, weather, etc.); the second deals exclusively with life insurance companies. Each of the parts of the work is preceded by an ample introduction in which the Superintendent summarises the information relating to the business conducted by the various companies considered according to their nationality (Canadian, British and United States Societies) in the various branches of insurance. Then he reports on the year's legislation of greatest importance in connection with the matter, the new and amended laws of the Dominion and of the several provinces; the taxes imposed; the financial difficulties and failures; and the licences granted.

After this general information, detailed figures are given in several tables in regard to the insurance work of the societies limited by shares in the course of the year 1913.

To give an idea of the importance of the information contained in this work it will be enough to reproduce the following particulars relating entirely or in part to agriculture: fire insurance (urban and rural): claims granted in 1913: \$14,003,750; premiums collected \$25,745,947; hail insurance: claims granted \$204,916; premiums collected, \$336,572; livestock insurance: claims granted \$81,073; premiums collected \$132,438; tornado insurance: claims granted \$5,643; premiums collected \$29,667; weather insurance: claims granted \$65,590; premiums collected, \$81,434.

With regard to life insurance, the new policies issued in 1913 amounted to \$251,668,546 dollars; and the total amount insured was \$1,168,500,000 dollars.

These figures show the great increase of thrift in Canada and the importance of the Insurance Superintendent's Report.

#### UNITED STATES.

INSURANCE LAWS OF THE STATE OF WEST VIRGINIA. Revised to 1914.  
ANNUAL REPORT (1913) OF THE INSURANCE DEPARTMENT OF THE STATE OF WEST VIRGINIA.  
Pamphlets Printed By Authority of the Insurance Commissioner. Charleston, W. Va.,  
1914.

These two official publications contain full information as to the legal position and the financial situation of Insurance companies of all kinds (including Farmers' Mutual Insurance Companies) doing business in West Virginia. The Mutual Companies, eleven in number, insure against damage by fire, lightning and tornado. They have, in this State, a well-defined legal position under the provisions of an Act of 1908 (*Chapter 32, Special Session 1908*).

Three other companies, described as "Assessment" Life Insurance Companies and insuring their members against death, permanent disablement and sickness, appear to do business upon mutual principles, claims being met by *pro rata* levies upon the members themselves.



## Part III: Credit

### ITALY.

#### THE WORK OF THE LAND CREDIT INSTITUTES IN 1913.

##### SOURCES:

- SSA DI RISPARMIO IN BOLOGNA: Credito Fondiario: Resoconto dell'anno 1913 (*Savings Bank in Bologna: Land Credit: Land Credit Department: Report for the Year 1913*) Bologna, Melani, 1914.
- SSA DI RISPARMIO DELLE PROVINCE LOMBARDE IN MILANO: Credito Fondiario: Bilancio consuntivo dell'anno 1913 (*Savings Bank of the Lombard Provinces in Milan: Land Credit Department: Balance Sheet for the Year 1913*) Milan, Reggiani, 1914.
- SSA DI RISPARMIO DI VERONA: Credito Fondiario: Resoconto dell'esercizio 1913 (*Verona Savings Bank: Land Credit Department: Report for the Year 1913*) Verona, Franchini, 1914.
- EDITO FONDIARIO SARDO IN CAGLIARI: Resoconto dell'anno 1913 (*Sardinian Land Credit Institute in Cagliari: Report for the Year 1913*).
- ISTITUTO ITALIANO DI CREDITO FONDIARIO. Relazione del Consiglio di Amministrazione e dei Sindaci sull'esercizio 1913 (*Italian Land Credit Institute: Report of the Board of Management and Examiners of Accounts for the Working Year 1913*). Rome, Bolognesi, 1914.
- ISTITUTO DELLE OPERE PIE DI SAN PAOLO IN TORINO: Credito Fondiario Consuntivo, esercizio 1913 (*San Paolo Institute of "Opere Pie" in Turin: Land Credit Institute, Accounts for the Year 1913*) Turin. Società Tipografico-Editrice Nazionale, 1914.
- MONTE DEI PASCHI DI SIENA: Credito Fondiario: Situazione al 31 dicembre 1913 ("Monte dei Paschi" of Siena. *Land Credit Institute. Situation on December 31st, 1913*). Siena. Tip. dell'Ancora 1914.

To the information published in the Bulletin for last October on the work of the special agricultural credit institutes in 1913, we shall here add the particulars of the work done by the land credit institutes in the year.

## § I. THE ITALIAN LAND CREDIT INSTITUTE.

In 1913 this institute received 328 applications for loans for a total amount of 39,483,500 frs.

The security offered for 49 % of these loans was urban estate, for 48 % rural estate and for 3 % mixed urban and rural estate.

Adding to the applications for loans presented those remaining over for consideration from 1912, (541 applications for a total amount of 43,443,500 frs.), as well as those again taken into consideration (21 for the amount of 2,105,500 frs.) and those in the case of which application had been made for an increase of the amount (7 for 549,500 frs.), in 1913 we find a total of 897 applications for credit for an amount of 85,582,000 frs.

In the course of the year, 176 of these applications were granted and loans definitely made for the total amount of 15,202,500 francs. Of these, 89 for 7,857,000 frs., were granted on the security of rural estate, especially in Apulia (22 loans for 2,042,000 frs.), in Sicily (15 loans for 677,000 frs.), in Campania (12 loans for 396,500 frs.), in Umbria (10 loans for 1,143,100 frs.), in Venetia (3 loans for 1,088,500 frs.) and in Emilia (6 loans for 1,096,000 frs.); and 90 loans for 7,345,500 frs. on urban estate.

The above loans granted in 1913 were distributed as follows, according to their amounts :

		Number	Amount frs.
Up to . . . . .	frs. 10,000	22	166,500
From 10,000 frs. to . . . . .	" 20,000	37	569,000
" 20,000 " " . . . . .	" 50,000	53	1,842,000
" 50,000 " " . . . . .	" 100,000	22	1,546,000
" 100,000 " " . . . . .	" 500,000	38	8,244,000
For more than . . . . .	" 500,000	4	2,835,000
		176	15,202,500

According to their term, they were distributed as follows :

Years	Number	Amount frs.
Between 10 and 15 . . . . .	7	326,000
" 15 " 20 . . . . .	10	944,500
" 20 " 25 . . . . .	9	179,000
" 25 " 30 . . . . .	14	1,049,000
" 30 " 35 . . . . .	2	44,000
" 35 " 40 . . . . .	67	5,343,000
" 40 " 45 . . . . .	—	—
" 45 " 50 . . . . .	67	7,317,000
	176	15,202,500

Finally, in regard to the rate of interest, the loans were distributed as follows:

	Number	Amount frs.
4% Interest . . . . .	175	15 198,500
3½% " . . . . .	1	4,000
	176	15,202,500

On December 31st., 1913 the value of the mortgages held by the Institute amounted to 412,358,231 frs., the value of the land bonds in circulation to 149,744,000 frs. and the amount of the loans in course to 70,046,187 frs.

On giving a glance at the work previously done by the Institute, we find that in twenty three years, that is since 1891, it had lent landholders the large amount of 259,000,000 frs., an average of 11,000,000 a year.

Of the 176,000,000 loans outstanding on December 31st., 1913, most, that is 54 %, were granted at 3½ %, 38 per cent at 4 %, and only 8 per cent at 4½ %. More than half (57 %) were for the southern provinces and the islands, 37 % for Central Italy and 6 % for North Italy. Further, 1,000,000 frs. were secured on rural estate and 87,000,000 frs. on urban estate; the latter amount in the two great centres, Rome and Naples, the first borrowing 42,000,000 frs. and the second 3,400,000 frs. (1).

## § 2. LAND CREDIT DEPARTMENTS OF THE SAVINGS BANKS OF MILAN, BOLOGNA AND VENICE.

In 1913, 470 applications were made to the Land Credit Department of the Savings Bank of the Lombard Provinces for a total amount of 1,614,000 frs., which added to the 1,191 for 96,472,000 frs. still under consideration at the beginning of the year gives a total number of 1,661 applications for 137,686,000 frs.

Of these, 280 were granted and loans made for an amount of 18,713,500 frs. Ninety seven loans for an amount of 7,484,500 frs. were granted on the security of rural estate, 181 for the amount of 11,199,000 frs. on that of urban estate and 2, for 30,000 frs. on that of rural and urban estate together.

(1) From investigations made in respect to the destination of the loans granted, it seems that in the ten years 1904-1913, out of a total of 145,000,000 frs. granted, 44 per cent were for relief from charges on land and extinction of pre-existing mortgage debts of greater importance. This is one of the most important results of the work of the institute as regards the economy of the country.

Among the provinces that obtained the largest credits on the security of rural estate, were those of Ferrara, 8 loans for 2,027,000 frs.; Brescia 10 loans for 739,000 frs.; Rome, 3 loans for 576,500 frs.; Milan, 8 loans for 489,500 frs.; Cremona, 6 loans for 486,000 frs. etc. The province of Milan also received 119 loans on urban estate for the large amount of 7,743,500 frs.

More than half the loans were granted for amounts varying from five to fifty thousand francs and for terms of between 30 and 40 years.

On December 31st., 1913, the value of the mortgages held by the land credit department of the Milan Savings Bank was 387,084,000 frs., the value of the land bonds in circulation was 193,542,000 frs. and the amount of the loans in course (4,010) was 190,878,804 frs.

Considering now the Bologna Savings Bank, in 1913 we find 114 mortgage loans granted for a total amount of 5,645,500 frs.; of these, 38 for the amount of 1,736,500 frs. were secured on rural estate, 68 for 3,755,500 frs. on urban estate and 3 for 153,500 frs. on mixed urban and rural estate. In addition, 11 loans were for amounts of between 500 frs. and 5,000 frs., 15 loans for amounts of between 5,000 fr. and 10,000 frs., 23 for amounts between 10,000 frs. and 20,000 frs., 18 for amounts of between twenty and thirty thousand frs., 15 for amounts of between thirty and forty thousand frs., 8 for amounts of between forty and fifty thousand, 9 for amounts of between fifty and one hundred thousand and eleven for amounts of more than one hundred thousand francs.

The provinces that received the largest credits were those of Bologna (85 loans for 4,314,500 frs.), Pesaro (3 loans for 443,000 frs.) and Forlì (3 loans for 385,000 frs.).

From the foundation of the Institute (1868), up to December 31st. 1913, 3,201 loans were granted for a total amount of 122,455,500 frs., giving an average of 38,255 frs. per loan.

Finally, the Verona Savings Bank granted loans on mortgage in 1913 for the total amount of 3,368,500 frs. The mortgages it held amounted on December 31st., of the same year to 29,758,650 frs., the value of the land bonds in circulation was 23,585,500 frs. and that of the loans in course 23,304,071 frs. (1).

(1) In connection with the Land Credit Institute of the Verona Savings Bank, it will be remembered that on January 25th., 1914, an important meeting was held in Rome, at the presence of the representatives of the Boards of Management of the Savings Banks of Verona, Venice and Padua to discuss the proposal to found a great Land Credit Institute for Venetia, as up to the present land credit has been exclusively provided there by the Verona Savings Bank. The proposal of a federation of the three institutes having been rejected, it was decided to form a consortium of the three banks, with head quarters at Verona, under the name of *Istituto di Credito fondiario della Regione Veneta* (Land Credit Institute of the Region of Venetia). The new Institute will be managed by a Consortium Board, on which the number of the representatives of each Bank will be in proportion to the amount of the contribution of the Bank. See the Review: *La Cooperazione*. Rome, no. 5, March 1st., 1914.

LAND CREDIT DEPARTMENTS OF THE INSTITUTE OF "OPERE PIE" OF S. PAUL AT TURIN AND THE "MONTE DEI PASCHI" OF SIENA AND THE SARDINIAN LAND CREDIT INSTITUTE AT CAGLIARI.

During 1913, 416 applications for loans were made to the Land Credit Department of the Institute of "Opere Pie" of S. Paul at Turin, for a total amount of 29,770,000 frs. The loans granted amounted to 195 for 1,002,500 frs.

Of these, 170 for 7,214,000 frs. were secured on urban estate and 25 for 2,148,500 frs. on rural estate.

The largest number of loans were made to the Provinces of Turin (27 for 2,349,000 frs.), Genoa (58 for 1,878,500 frs.), Rome (12 for 943,500 frs.) and Milan (8 for 915,000 frs.).

As regards their amount, 116 loans for a total of 1,139,500 frs. were granted in amounts not exceeding 20,000 frs. each, 68 loans for a total of 4,809,000 frs. were granted in amounts varying from 20,000 frs. to 100,000 frs., and 11 for a total of 3,414,000 frs. were granted in amounts varying from 200,000 frs. to 500,000 frs.

In regard to the period of the loans, for 56 loans (758,500 frs.), it varied from 10 to 25 years; for 29 loans (1,451,000 frs.), from 26 to 45 years and for 110 loans (7,153,000 frs.) from 46 to 50 years.

Coming finally to the "*Monte dei Paschi*" of Siena and the Sardinian Land Credit Institute, we find that they granted loans on mortgage in 1913, the first for the amount of 10,123,500 frs., the second for 431,000 frs. The loans in course on December 31st., 1913, in the case of these Institutes, amounted respectively to 77,533,385 frs. and 2,204,762 frs. and the value of the bonds in circulation to 78,066,000 frs. and 2,267,500 frs.

\* \* \*

The above seven land credit institutes working in Italy had granted loans on mortgage in bonds in 1913 to the amount of 62,847,000 frs.



## URUGUAY.

### THE MORTGAGE BANK OF URUGUAY AND ITS WORK.

#### SOURCES :

- ESTATUTOS DEL BANCO HIPOTECARIO DEL URUGUAY (*Statutes of the Mortgage Bank of Uruguay*). Montevideo, A. Barreiro y Ramos.
- BANCO HIPOTECARIO DEL URUGUAY. MEMORIA CORRESPONDIENTE AL 22 EJERCICIO (*The Mortgage Bank of Uruguay, Report on the 22nd. working year*). Montevideo, Moderna Printing Press, 1914.
- DO. DO. MEMORIA CORRESPONDIENTE AL 21 EJERCICIO (*Report on the 21st. working year*). Montevideo, Moderna Printing Press, 1913.
- DO. DO. MEMORIA CORRESPONDIENTE AL 20 EJERCICIO SOCIAL (*Report on the 20th. working year*). Montevideo, A. Barreiro y Ramos, 1912.
- BANCO HIPOTECARIO DEL URUGUAY. ENUNCIACIÓN DE SUS OPERACIONES (*The Mortgage Bank of Uruguay, Statement of its Transactions*). Montevideo, A. Barreiro y Ramos, 1914.
- BANCO HIPOTECARIO DEL URUGUAY. TABLAS DE AMORTIZACIÓN (*The Mortgage Bank of Uruguay, Amortization Tables*). Montevideo, "Al libro Inglés" Press, 1911.
- BANCO HIPOTECARIO DE URUGUAY. ARANCELES DE ESCRITURAS Y TASACIONES (*The Mortgage Bank of Uruguay, Tariff of Entrance Fees and Charges*). Montevideo, A. Barreiro y Ramos.

By Law of June 8th., 1912, the Mortgage Bank of Uruguay became the property of the State.

On taking over the shares of this Bank the government authorities proposed to avail themselves of all the means at the disposal of a State institution to encourage land credit, and bring it into harmony with the requirements of national economy on behalf of the producing classes. This is the aim which the Bank set itself when it declared that its main purpose is to come to the assistance of the country as a whole, and more especially of the producing classes, contributing by the terms of its loan to maintain the value of landed property, to develop building, and to promote the progress of agriculture and stock-breeding.

Before describing its work we will briefly state the organisation of the Bank which is the most important mortgage credit institute of the Eastern Republic.

## § I. THE ORGANISATION OF THE BANK.

The Mortgage Bank of Uruguay was founded by Law of March 24th, 1902, taking as a basis for the new institution the Mortgage Section of the former National Bank. It transacted business as a share company until it was taken over by the Government by Law of June 8th., 1912, when it became the property of the State.

The Bank is organised in accordance with thirty-two general provisions laid down in its fundamental law, the main points of which we shall set forth later on.

*Loans.* — The Mortgage Bank of Uruguay grants loans which it pays in mortgage bonds, delivered at their nominal value, secured on first mortgage, on one or more holdings, whether urban or rural, unencumbered, and situated within the territory of the Republic. The life of these loans does not exceed 30 years, and they are repaid by amortisation.

As a rule the loan does not exceed one half the value of the security given, as valued by one or more appraisers appointed by the Bank, in no case may the amount of the loan exceed two thirds of the value of the security.

In appraising the lands the following data are taken mainly into account :

- (a) the income from the property, as shown by the leases in force and by those current for similar lands ;
- (b) its official valuation for the assessment of the land tax ;
- (c) judicial appraisements which may have been made during the three years preceding the period covered by the present lease ;
- (d) the current market value of the estate.

The Bank requires the owner to insure all buildings on his estate before the loan is made; in case of accidents compensation due from the insurance company will be paid to the Mortgage Bank, which enters same to the credit of the borrower up to the limit of his liabilities, handing him over any surplus. Should the borrower fail to pay the insurance premium and should the policy lapse, the mortgage will be automatically recalled.

All loans made by the Mortgage Bank are granted on condition that, in case of foreclosure, the Bank is free to sell the land to the holders of mortgage bonds belonging to the same series and may accept such bonds, at their nominal value, in full or part payment.

The owner of the lands thus mortgaged on obtaining his loan cannot lease the property for a period of more than a year if it be urban or suburban, or for more than two years if it be rural. The consent of the Bank must be secured before signing a lease covering a longer period.

Borrowers may at any time repay part or all of the capital borrowed, but partial repayments, made before they fall due, may not amount to less than 10 % of the borrowed capital ; repayment may be made in gold, or in mortgage bonds, which are accepted at their nominal value, on condi-

tion that they belong to the same series as that in which the loan was made. In case of antedated repayments the borrower only pays interest and commission on the loan up to the date of cancelling same.

The interest charged on mortgage loans may not exceed by more than 2 % the interest paid on the mortgage bonds issued by the Bank.

*Capital, Reserve Funds.*— The capital of the Mortgage Bank of Uruguay which amounted, at the start, to 5,070,000 pesos, was reduced by Law of September 27th., 1909, to 3,549,000 pesos, divided into shares of 100 pesos each. The fundamental law governing the Bank requires 10 % of the profits to be set aside for the reserve fund and the remainder to be distributed as a dividend to the shareholders.

*Mortgage Bonds.*— In accordance with the law under which it is established, the Mortgage Bank of Uruguay is privileged to issue mortgage bonds throughout the territory of the Republic, for a period of 30 years, and during the same period it is exempt from all taxation except the land-tax, on estates which it may purchase or which are of a municipal character. Its mortgage bonds are also exempt from stamp-duty and all other taxes.

The bonds issued by the Mortgage Bank are numbered and are issued in series designated by a letter of the alphabet, and placed in circulation in alphabetical order. Under no conditions may the Bank issue a bond which does not correspond to a mortgage.

The maximum rate of interest payable on the bonds issued by the Mortgage Bank is 8 % per annum (1).

The value of each bond may not exceed 1,000 pesos nor be less than 100 pesos.

The bonds may be recalled by lot at par, or by sale and at auction

## § 2. THE WORK OF THE BANK DURING 1913-1914.

We shall now speak of the work performed by the Mortgage Bank of Uruguay as shown by the report for 1913-14, presented by its President to the Minister of Finance of the Republic.

The Reporter begins by pointing out that this Bank, thanks to its steady progress, is responding more and more to the economic requirements of the country, that it spares no efforts to curb the usury of private money-lenders, and he calls attention to the safety of the business transacted and the solidity of the security which the Bank offers to capital invested in its bonds.

The figures quoted in the report show that on March 31st., 1913, when the business year preceding that which we are now examining closed, the bonds in circulation amounted to 27,439,900 pesos; during 1913-14 the Bank issued new bonds amounting to 6,107,600 pesos, and withdrew bonds

(1) They are at present paying 6 % interest.

amounting to 1,997,000 pesos, so that on March 31st., 1914, the bonds in circulation amounted to 31,550,500 pesos, showing an increase of 4,110,600 pesos on the closing figure for the previous year.

The loans granted during 1913-1914 amounted to 6,107,600 pesos. If this sum is compared with those granted during previous years, it is seen to be lower than that for loans made in 1912-13 and 1911-12 (9,550,900 and 7,639,100 pesos respectively), but it is noticeably in excess of those granted in other years.

In considering this reduction in the total of loans granted as compared with those made during the other two business years referred to, the report states: "There is no doubt that the fall in the price of our bonds, and in that of all other securities yielding a fixed income, dating from the second half of 1913, and due to well-known credit difficulties, resulted, as on other occasions, in a decline in the number of bonds issued, that is to say in the amount of the loans" (1). And here it must be borne in mind, that, as stated above, the Bank pays its loans in the shape of mortgage bonds, and, consequently, the lower the market price of these bonds the heavier the loan must be which a borrower has to make to ensure a certain given sum in cash. The fact that the borrower may repay his debt by giving mortgage bonds in discharge of same does not completely obviate this difficulty as in this case the Bank has a right to 1% commission, and, moreover, as at the time when repayment would fall due the credit difficulties above referred to would probably be eliminated, the bonds would be likely to command a higher price (2).

An idea of the constant progress made in the business transacted by the Bank, independently of the fall in loans granted during 1913-14 as compared with the two previous years, is given by the following table which summarises the issues and amortisations effected by the Mortgage Bank:

(1) If we consult the statistics of prices quoted for mortgage bonds during the business year 1913-14 we shall see that they fell to their lowest point in November, 1913, when the average quotation for such bonds was 89.50.

(2) As a matter of fact, at the close of the business year in question, in March, 1914, only a few months after the quotation of the prices referred to in the previous foot note, the bonds had already risen to 93.00, a rise of 3½ points.

Business Year	Issued (pesos)	Withdrawn (pesos)	Balance in circulation (pesos)
1896-1897 (1) . . . . .	172,900	70,000	102,900
1897-1898 . . . . .	—	600	102,300
1898-1899 . . . . .	—	7,800	94,500
1899-1900 . . . . .	—	74,300	20,200
1900-1901 . . . . .	—	6,000	14,200
1901-1902 . . . . .	—	1,000	13,200
1902-1903 . . . . .	4,800	5,300	12,700
1903-1904 . . . . .	4,000	1,400	15,300
1904-1905 . . . . .	18,900	7,100	27,100
1905-1906 . . . . .	885,000	28,000	884,100
1906-1907 . . . . .	1,329,500	129,000	2,084,500
1907-1908 . . . . .	1,100,000	202,100	2,982,400
1908-1909 . . . . .	2,354,900	373,200	4,990,400
1909-1910 . . . . .	4,851,500	816,200	8,990,400
1910-1911 . . . . .	4,562,900	1,557,500	12,004,800
1911-1912 . . . . .	7,639,100	1,810,000	17,833,900
1912-1913 . . . . .	9,559,900	2,072,700	35,321,100
1913-1914 . . . . .	6,107,600	1,923,500	29,505,200
	38,591,000	9,085,800	

(1) As we are only writing on the work done by the Mortgage Bank of Uruguay, this table does not contain figures for the series A, B, C, and D, issued by the former National Bank, and the first figures given are those for 1896-97, in which year series E was issued by the Mortgage Bank. For the same reason in order to obtain the total circulation on March 31st, 1913, which, as stated, amounted to 31,550,500 pesos, we must add to the figure given for that year in the above table the sum of 2,045,300 pesos, which was the value of the bonds of series A, B, C, D, and E, at that date.

The most numerous loans vary between 1,000 and 5,000 pesos, which shows that the Bank tries to encourage small borrowers so as to safeguard them from usury, as will be shown further on. The following table shows the distribution of outstanding loans on December 31st, 1913, tabulated according to their importance:

	Loans	Number	Value (pesos)
From 100 pesos to 1,000 . . . . .		104	100,000
1,001 " 5,000 . . . . .		1,070	2,057,410
5,001 " 10,000 . . . . .		420	3,204,916
10,001 " 20,000 . . . . .		282	4,150,880
20,001 " 50,000 . . . . .		198	6,054,000
50,001 " 100,000 . . . . .		73	2,338,704
100,001 " 200,000 . . . . .		25	3,554,050
200,001 " 400,000 . . . . .		8	2,205,854
Over 400,001 . . . . .		1	500,000
	Total . . . . .	2,271	28,784,100

The profit and loss account shows that the net profits realised during the business year 1913-14 amounted to 346,853 pesos: of this sum the directorate distributed 338,983 pesos as follows:

10 % to the reserve fund . . . . .	pesos	33,898
1 1/2 % to the benefit fund for the staff . . . . .	"	5,085
58.50 % to the general revenues of the State . . . . .	"	300,000

The remaining 57, 870 pesos were distributed as follows:

Contingency fund . . . . .	pesos	50,000
Balance placed to the profit and loss account . . . . .	"	7,870
Total . . . . .	pesos	396,853

The financial situation of the Bank at the opening of the current business year was distinctly favorable as it had at its disposal a perfectly secure capital in real estate of an amount higher than that required by law owing to the increased value of the estates acquired, besides a contingency fund of 50,000 pesos.

The report for 1913-14 contains several statistical tables which show the relative importance of the mortgage loans made throughout the Republic by the Bank and by private mortgage credit concerns for the five-year period, 1909-1913. The data given show the great work which the Bank has yet to accomplish before it can boast that it has freed certain categories of borrowers from usury. The following data show the situation:

Year	Mortgages					
	Accepted throughout the Republic		Accepted by the Bank		Accepted by private companies	
	Nº of estates	Value	Nº of estates	Value	Nº of estates	Value
1909 . . . . .	6,040	20,473,866	351	3,391,300	5,689	17,082,566
1910 . . . . .	7,035	27,395,598	506	5,658,100	6,525	21,737,497
1911 . . . . .	8,392	35,660,712	579	7,241,200	7,813	28,410,512
1912 . . . . .	8,895	38,118,552	634	9,104,600	8,261	29,015,072
1913 . . . . .	9,445	38,293,493	531	6,200,000	8,914	32,093,390

This table shows that the mortgages accepted by the Bank barely represent 6.5 % of the total mortgages accepted in the Republic. Let us now see the proportion between the mortgages accepted by the Bank and those accepted by private concerns as security for loans during the last business year, with regard to the value of the loans :

Value			Mortgages			
			Accepted by the Bank	%	Accepted by private concerns	%
From	100 pesos to	1,000 . . . . .	40	1.7	2,319	95.3
"	1,001 "	2,000 . . . . .	69	1.7	1,388	93.3
"	2,001 "	5,000 . . . . .	116	7.1	*1,520	92.0
"	5,001 "	10,000 . . . . .	83	10.7	694	89.3
"	10,001 "	20,000 . . . . .	64	15.3	453	84.7
"	20,001 "	30,000 . . . . .	22	15.9	116	84.1
"	30,001 "	50,000 . . . . .	37	34.3	71	65.7
"	50,001 "	70,000 . . . . .	8	32.0	17	68.0
"	70,001 "	100,000 . . . . .	4	18.2	18	81.8
"	100,001 "	140,000 . . . . .	4	33.3	8	66.7
"	140,001 "	200,000 . . . . .	1	25.0	3	75.0
"	200,001 "	400,000 . . . . .	2	40.0	3	60.0
Over	400,001 . . . . .		—	—	3	100.0
Total . . . . .			430	6.5	6,513	93.5

The figures given in this table show that the position of the Bank as compared with private concerns improves noticeably as the value of the loans increases. But the preponderance of loans granted by private concerns over those granted by the Bank in the category going from 1,000 to 5,000 pesos is so great that it cannot fail to claim the attention of the Bank, anxious as it is to encourage national economic development. And in view of the economic causes which may give rise to this phenomenon, the directorate has secured from the legislative body the Law of November 10th., 1913. This Law provides that the certificates required by the Bank for loans which it will subsequently grant, and also for the increase and renewal of the same, will be delivered by the national bureaux for the registration of real estate and by other public bodies, free of stamp and other duties, and that deeds drawn up in connection with these transactions shall also be exempt from stamp-duty and registration fees. The Bank has also a proposal before Parliament for reducing the 1% commission of the administration, on business transacted after October 1st. of the current year.

These measures, and other steps taken by the Bank affecting its internal organisation, by reducing the cost of the loans will tend to attract the custom of those small borrowers who are the greatest sufferers from the heavy exactions made on them by private concerns. But other causes are at work to account for the large preponderance of small loans made by private money lenders; the report admits this, and accounts for the present state of affairs by the lack of financial experience on the part of the borrowers and their utter ignorance of the régime and mode of procedure of the Mortgage Bank.

If the above facts are taken into account there need be no surprise at the preponderance referred to, especially when we remember that the Bank has only been in existence for two years as a government institution, that is to say as an institution the main purpose of which is to serve public interests; and we are justified in hoping that, by persevering along the lines laid down by its directorate, the Bank will rapidly succeed in attracting that class of borrowers who, living far from it, are not aware of the advantages it offers.



NOTICES OF SOME RECENT PUBLICATIONS  
RELATING TO CREDIT.

UNITED STATES.

POPE (JESSE E.): AGRICULTURAL CREDIT IN THE UNITED STATES. *Quarterly Journal of Economics*, Vol. XXVIII. N° 4, pp. 701-746. Cambridge, Mass, 1914.

The writer in the *Quarterly Journal of Economics* deals in the first half of his article with existing conditions with respect to agricultural credit, and in the second half with proposals for reform. After tracing the growth of mortgage indebtedness and examining the various purposes for which, at different periods, such indebtedness has been incurred, Mr Pope expresses the opinion that in a country so rich agriculturally as the United States the mortgage debt (which he places at 2,793 million dollars) is not excessive. He then proceeds to examine the sources of mortgage credit in the following order: (1) the individual lender; (2) the life insurance company; (3) the bank; (4) the State; (5) the mortgage company; (6) the building and loan association.

Passing next to personal indebtedness he discusses: (1) merchants credit (including store credit, dealer's credit and factor's credit); and (2) bank credit. The writer does not attempt to estimate the personal indebtedness of the American farmer but accepts (as in the case also of mortgage indebtedness) the figures worked out by Mr. George K. Holmes, who in 1913, made the following estimates of the farmer's personal indebtedness: Chattel mortgages, \$ 700,000,000; Liens on crops other than cotton, \$ 450,000,000; Cotton crop liens, \$ 390,000,000; Unsecured debts to local merchants, \$ 250,000,000; Other unsecured debts \$ 410,000,000.

The second part of the article consists of a critical examination of European methods and experience in connection with both mortgage and personal credit and of various proposals for legislation which have been made recently in the United States. The proposals are criticised somewhat unfavourably and the writer arrives at the conclusion that: "In the final analysis, the solution of the problem of rural credit is in the hands of the farmers themselves. They must put their business on a more efficient basis and must learn to work together for their mutual interest."

ITALY.

MARESCALCHI (A.J): *IL CREDITO AGRARIO E I PRESTITI SUL VINO* (*Agricultural Credit and Loans on Wine*). "Bollettino dei Viticoltori". Casale Monferrato, No. 10, October 28th., 1911.

In this article, Prof. A. Marescalchi, examining the provisions of the recent Decree of October 11th., 1914, specially relating to agricultural credit, points out the benefit the viticulturists, especially at the present moment, may derive from that provision which authorises the ordinary savings banks and the co-operative credit societies to grant advances on pledge of agricultural produce and consequently on pledge of wine.



## Part IV: Miscellaneous

### AUSTRIA.

#### CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA.

##### CHAPTER II.

##### *AUSTRIAN LEGISLATION WITH REGARD TO THE REGULARISATION, ENFRANCHISEMENT AND PROTECTION OF FOREST AND PASTURAGE SERVITUDES, AND ITS BENEFICIAL EFFECTS (1).*

The servitudes, in virtue of which the peasantry supply themselves with wood, and pasture their cattle in forests belonging to others, in an economic point of view, closely resemble the collective property of agricultural communities. It may be well here to point out certain errors, based on false analogy, which were made when the enfranchisements were carried out in virtue of the law of 1853 on servitudes (*Servitutendpatent*), noting especially the deficient organisation of the groups of agriculturists to whom forest rights had been granted, and who were then indemnified by the concession of land, in consequence of which new agricultural communities were formed in an irregular manner. But one of the chief of these errors consisted in the blow suffered by the interests of those in possession of forest rights through the valuation of the land being entirely unfavourable to those indemnified. In any case it may be said that the losses thus caused have now almost been made good, by means of agricultural operations, and more especially the regularisation of new communities that have arisen among the enfranchised groups.

The contests to which servitudes continually gave rise have been put a stop to by enfranchisement, at least when arising between the landed proprietor and those whose rights were in question (if not always when arising among the latter parties). The enfranchisements took place chiefly in

(1) For sources see Introduction to the present article in our number for October, 1914, page 89.

the Sudetic and Carpathian regions, and the question of servitudes is solved there in that way.

But it was quite different in the territory where the system of regularisation was applied in the terms of the above mentioned law (*Servitutentpatent, of 1853*) viz. in those Alpine regions where this regularisation was applied in the greater number of cases. Here the insupportable inconveniences of servitudes gave rise to complaints even after regularisation -- complaints which became more and more general and pressing. With regard to the right of gathering wood and anything that could be used for litter, the peasants complained that only in localities and seasons unfavourable for making such provision were these rights allowed to them. The timber trade cleared the neighbouring forests more and more, so that those who had a right to the wood could only obtain it at a great distance, and by incurring great expenses by which it lost nearly all its value. As to the right of pasturage, complaints were made, that in spite of its importance and the necessity of pasture in the raising of cattle, it is valueless under present conditions.

Plantations of trees are being formed in the immediate proximity of the cottages, so to speak, at the doors of the stables.

Pasturage is rendered burdensome by the necessity of supervision, and the number of cattle is limited. Large areas of meadow land subject to servitude are reafforested, and a decree has been passed for their protection for twenty years.

These short statements and the detailed information given in the exposition of the grounds of the first bill regarding the servitudes of Upper Austria (*Motivenbericht des ersten oberoesterreichischen Servitutentwurfes*) show moreover that the essential cause of the new disputes must be sought not in the regularisation itself, but in the whole series of economic changes and more especially in the extraordinary rise in the value of forests. The resulting inconvenience is particularly felt in the exercise of the rights of pasturage, for which the documents of regularisation (*Regulierungsurkunden*), issued at a time when the competition between meadow and forest was unimportant, admitted to pasturage on wooded lands the whole number of cattle possessed by those who held pasturage rights, without considering whether the yield was sufficient or taking into account the necessity of the maintenance and renewal of the plantations in order to preserve the forests and ensure the observance of the forest police regulations.

Moreover, as regards forest servitudes the fact that the documents of regularisation concede to the parties enjoying them the right of acting on their own responsibility with regard to cutting down trees and exporting wood is a characteristic indication of the primitive economic organisation of that time.

"The essential cause of the deplorable conditions created by the disputes in regard to servitudes which have gone on for many years" is, therefore as justly observed in the statement of the reasons for the new Salzburg bill the fact "that the natural form of the rights granted to those who profit

servitudes imposes not only on them, but on those subjected to servitudes a form of economy which in general does not meet the needs of our day, superannuated form which seems to be in constant conflict with contemporary requirements and with modern traffic, and which must constitute an oppressive burden for both those who profit by it and for those subjected to it: the anachronism of this system, the disadvantages of which all concerned endeavour to get rid of, has a fatal effect on the national economy. Thus, even in our days, when the want of wood is keenly felt, any spontaneous idea of saving wood is almost unknown to the peasant. A man who enjoys forest rights never thinks of economising the forest; he only thinks of making the most profitable use of his right. He never thinks of economising fuel; if he is obliged to repair his dwelling house he does not think of using incombustible material, iron pipes to convey water, or iron wire for his fencing. For everything of the kind he uses wood; the forest supplies him with wood, which in these days has a market value, for building purposes and heating, and the peasant sees no reasons for changing his oven, which consumes two or three times as much wood as a modern stove; the forest supplies him with wood for building his house and for fences, of which there are so many in Austria. This condition of things constitutes a real danger for the forest, and so it happens that the forest authorities often regard those who profit by servitudes as enemies. In order to preserve the forest, its utilisation is restricted and limited in every possible way, without affecting the form of the rights over it. Legal limitations, opposition and contestations of all kinds give neither truce nor rest to those possessing forest rights.

The grievances expressed on all sides in consequence of this deplorable state of things were frequently the subject of discussion in parliament and the diets, especially in the Diets of Alpine regions. At length in 1904 a bill forming a "supplement to the decrees and transactions regarding servitudes (*Ergänzung der Servitutenerkennnisse und Vergleiche*)" was passed in Carinthia; two years later a more detailed bill was presented to the Diet of Upper Austria.

At that time the Department of Agriculture resolved to enter upon an ample and uniform legislative reform. This was begun by drawing up a specimen bill, for Carinthia (to be substituted for that which had been approved by the Diet), which was afterwards submitted to other Diets. The agricultural congress of Aussée (September 15th., 1907) presented a favourable opportunity. The deputies of Alpine districts and delegates present at the congress were given a copy of a bill drawn up by the Department as the result of a minute study of the subject; the bill was approved. Then new bills regarding servitude were presented, for the most part in the course of the same year, on parliamentary initiative, in all the Diets of Alpine regions (except Görz, Gradisca, and Vorarlberg, where the question of servitudes has no importance), and were passed as provincial laws, except in Salzburg, where the especially complex and obscure conditions caused the failure of every attempt at solution.

The new provincial laws regarding regularisation, enfranchisement, and the safeguarding of forest servitudes and pasturage are uniform in their essential provisions. They all enact that the rights of cutting and gathering wood in forests, and the rights of pasturage, shall be regulated by the general law on servitudes (*Servitutengesetz*) and by the provincial legislation which supplements it. Thus the new regularisation, as well as the enfranchisement, must be effected according to the document on the subject (*Regulierungsurkunde*); and should a new regularisation or enfranchisement be required, a new valuation of the rights of all the parties interested must be made. The object of the new regularisation is especially to define the rights of servitude so that the exercise of such rights shall be permanently ensured, and that any changes in the exigencies of economic life shall be taken into account.

In the case of enfranchisement the amount of the capital or the value of the lands given as indemnity to the person entitled must be equivalent in value to the rights which he previously enjoyed; enfranchisement is only admissible so far as it does not encroach on the economic needs of the person concerned, or of the property subject to servitude, and so far as it does not compromise the interests of rural economy.

As regards details, the new regularisation of forest servitudes, extends to the following subjects: indication of the locality where wood and material for litter may be collected, the term of declarations, assignments, and the gathering of wood and other produce, how this forest produce may be carried away, (with the necessary arrangements for transport and preservation), and a further more precise specification of the quantity and the nature of the forest produce and its price, unless given gratis. According to the new system, the delivery of wood and material for litter may be substituted for the right of gathering these things; that is, instead of the person entitled collecting this produce in the forest the proprietor undertakes to deliver the required quantity of such produce every year or periodically at a determined spot. Finally, wood for building or heating purposes, and other forest produce may under certain conditions be replaced by other materials to be used for similar purposes (for instance, stone for building, wire for fences and coal or turf for heating). As to pasturage rights, the new system relates especially to the assignment of lands devoted to pasture; not only as a general rule but particularly when the right of pasturage is limited by reafforestation; the regularisation must define the period, the designation, and the notification of fencing in of the woods, show the watering-places and cattle tracks, the grazing period, the kind and number of livestock, the plantation of hedges and the line of shepherds, the management and maintenance of roads, stables, water-pipes, the draining of marshes, the clearing of land, the improvement of pasturage and the payment of dues, etc.

The enfranchisement of forests from servitudes takes place either through the cession of lands, or the payment of a pecuniary indemnity to those entitled, according to circumstances. In the first case, care must be taken that the cession of the ground be made with due regard to the

rights both of the owner of the ground and of the consignee; in all cases the land must be of such a nature as to secure an average return legitimately securing the rights of the consignee. The cessions of land destined to compensate for the right of forest pasturage must always take place, especially when reproductive forest pasturage is to be exchanged for meadow ground of sufficient extent to be utilised as pasturage.

Enfranchisement by means of pecuniary indemnities is less favoured by the laws on servitude. This mode of compensation, in so far as it is generally admitted, is effected by multiplying by 25 the average annual return during a period of ten years, and exacted under the form of a perpetual rent on the enfranchised property. The reimbursement in capital to the holder of the rent is in no way admitted in Upper and Lower Austria, nor except under very special circumstances in Styria, Carinthia, Carniola and Tyrol.

As a general rule, the cession of forest and meadow land must be *en bloc*, as regards the consignee. These collective properties are thus subject to the laws on subdivision and regularisation of farms, and form, at least when they are not broken up into individual properties, one holding, durable in accordance with its collectivity. It would be well in such cases as also in those of new regularisations of the rights of servitudes for the peasants to possess an organisation for the preparation of an administrative code. (*Verwaltungsstatut*).

We come now directly to the rules for the safe-guarding of the rights regularised. An effort is being made to ensure such safeguard by means of an economic plan for forests under servitude, according to which the authorities must first of all safeguard the interests of those who benefit by servitudes, that is those who share in rights over forests. If these entitled are prevented from obtaining the forest produce which is their due, because the proprietor makes unfair use of the forest, they should receive an annual sum corresponding to the value of such produce, calculated according to the average annual return during a period of ten years, without prejudice to legal action for the recovery of damages. This sum must be paid by the proprietor until the forest subject to servitude is again in a condition to meet the demands upon it. And till this is the case, the proprietor, except in the case of special exigences of forest police, must refrain from use of the forest. The annual sum to be paid must be ensured by a mortgage on the property.

The following provisions have been made to ensure the rights of pasturage: land subject to rights of pasturage must not be reallocated unless permission is given by the authorities in the interest of rural economy, after consultation with those entitled, to whom the right of appeal is besides reserved. In case of such permission, similar pasture lands must be assigned to those entitled or, if this is impossible, an annual sum must be allotted to them secured in the way above indicated in the case of forest servitudes.

Besides the general provisions for the safe-guarding of the rights of servitude there is also a rule in virtue of which all arrangements stipulated



between those benefited by the servitudes and the proprietors subject to servitude relating to the new regularisation or the enfranchisement, and even all arrangements privately concluded, must be sanctioned by the authorities. In the same class of instructions are to be included the provisions of certain provincial laws (of Upper Austria, Styria and Carniola), according to which the user's rights depend directly on the holding in the interests of which the servitudes were established. Rights of pasture and gathering wood registered in the cadastre can only be cancelled when authority has been granted even where the parties interested possess all the civil rights to this effect. The same applies in the case of the transfer of the whole or part of the rights. That this authorisation may be granted even when merely for approval of arrangements stipulated between interested parties there must be taken into consideration the particular conditions of the properties in question as well as the general interests of rural economy. In those places where these restrictions are not expressly set forth by law (*Durchführungsverordnungen*) (Lower Austria, Carinthia, Tyrol), the rules concerning the application of the laws contain similar provisions; these provisions are in every case limited with regard to general interests.

Proceedings for new regularisation or for enfranchisement, according to most of the provincial laws, are initiated on the demand of one of the interested parties, that is, of those benefited by the right of servitude, and also the proprietors subject to servitude (if there be many interested persons up to one-third of their total number). Redemption, total or partial, may be carried out *ex officio* whilst the new regularisation is being effected, provided always that this measure has been legally justified.

In the general procedure, there must in every case be agreement among those interested, and it is only when such an agreement is impossible that recourse may be had to an official decision. The arrangements of the new regularisation must be noted in a plan: the new condition which will result from the enfranchisement of holdings (*Grundablösung*) must be shown in a plan of enfranchisement (*Ablösungsplan*) which will be registered in the cadastre. All operations connected with servitude, like those of agricultural operations, enjoy considerable exemptions from taxation.

The agricultural authorities are the executive organs also as far as regards the power to impose penalties. The provincial commission constitutes the final court of appeal, the departmental commission acting only as supervisor.

The authorities receive no remuneration. The parties concerned incur no expense except that for experts (not including the head of the technical department) and the necessary cost of fixing the boundaries of the land and surveying.

In considering the new Austrian legislation on the subject of servitudes as a whole, it will be seen that its provisions are drawn up with impartiality, but that nevertheless it seems to be penetrated by a spirit of benevolence towards the peasantry, in happy contrast with the spirit of fiscalism which had previously reigned unquestioned. But neither the interests of proprietors subjected to servitude, nor yet the general interests

are neglected. The exposition of the grounds for the Salzburg law shows clearly that the importance of the new regularisation which is the principal object of the reform, and which is at the same time the great difficulty in the way of its execution, consists in the fact that not only must it safeguard rights legitimately acquired, and the economic interests of those benefiting by servitudes, but also take care not to lose sight of the interests of those subject to servitudes, considering that in so far as the private interests of the proprietor subject to servitude are connected with the preservation of the forest, they also correspond with the general interests, and especially with those of the persons who benefit by the servitude, which are naturally bound up with the preservation of the forest, and with its maintenance in a condition to give to their descendants the advantages guaranteed by documents. It must not be forgotten that he who is subject to servitude has as much right as he who benefits by servitude, to the safeguarding of his interests; just as he who benefits by servitude will oppose the restriction of his rights of use so will he who is subject to servitude resist the increase of his obligations; he is even obliged to protect himself, considering that he is responsible to others for the preservation of his property, especially as regards the Government rights over the forest (*Forstärar*).

The new regularisation will in most cases perform a double function, viz. remove grievances and provide for the preservation of the forests, not only by restoring order where hitherto disorder and confusion reigned. Its first object must be the termination of disputes once for all. As soon as the conditions of the situation are clearly elucidated there will be no further pretext for numerous complaints from those interested, and the proprietors of the forest will be prevented from having recourse to legal proceedings which the peasant from his point of view regards as unjust and vexatious.

But to define precisely juridical relations will not be sufficient to bring about a radical amelioration of the present situation. All grievances cannot be attributed to a want of a sufficiently clear definition of juridical conditions; they often arise from a lack of suitable arrangements hindering the satisfactory exercise of the rights of servitude. For this reason the procedure of the new regularisation will extend also to economic improvements; it will provide for the making of roads, the planting of hedges and the hiring of shepherds. But as works of this kind will not be of great utility if those interested are permitted to make an irregular use of them in the exercise of their rights, the agricultural authorities must draw up administrative rules for each of the different groups to which the usual forest rights have been granted. Thus, servitude communities, like agricultural communities, which they closely resemble, will be rescued from a state of confusion which gives rise to exhausting legal proceedings, and will grow into autonomous and thriving economic unities.

From what has been stated it will be clear that in carrying out the work of reform the executive bodies must not enter minutely into details, but must be actuated by the spirit of organisation necessary for creating

an equitable state of things. It will be also desirable, especially, in the case of the redemption of holdings from pasturage servitude, that they should exert an action in favour of ameliorations tending to substitute for extensive pasturage on large areas subject to servitude, a system of intensive utilisation of the lands. Such ameliorations are in every case the means of obtaining a full return from the land for the benefit of those having a right to its utilisation even when such land is limited in extent. In this way in future at least, many evils resulting from the disputes between the holders of pasturage rights and the owners of forests will be got rid of. The desire to smooth away difficulties, even before the promulgation of the laws on servitudes, was one of the chief reasons for beginning Alpine improvements and the legislative encouragement of Alpine economy of which we have spoken in the first chapter of this article.

*New regularisations and enfranchisements accomplished up to the end of 1913*

At the end of 1913 the state of improvements in the various provinces was as follows :

(1) *Lower Austria.*

In the first stage :

1 new regularisation bearing on (about) 164 hectares, and 4 parties interested.  
Besides 2 projected regularisations :

(2) *Carinthia.*

In an advanced stage :

1 new regularisation bearing on (about)	179 ha., and	12 parties interested
20 enfranchisements	8,643 " "	582 " "
21 transactions	8,822 " "	594 " "

In the first stages :

9 enfranchisements	1,245 " "	345 " "
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In progress :

1 new regularisation	179 " "	12 " "
29 enfranchisements	9,988 " "	897 " "
30 transactions	10,067 " "	909 " "

Besides 9 regularisations and 5 enfranchisements projected.

(3) *Carniola*.

In first and more advanced stages:

7 new regularisations bearing on	3,016 ha., and	201 parties interested
1 enfranchisement	77	2
—	—	—
8 transactions	3,693	203

Besides 4 projected regularisations.

(4) *Tyrol*.

2 new regularisations bearing on	604 ha., and	13
1 enfranchisement	1,949	9
—	—	—
3 transactions	2,553	22

In an advanced stage:

9 new regularisations	4,211	183
17 enfranchisements	6,584	701
—	—	—
26 transactions	10,797	974

In the first stage:

12 new regularisations	3,293	784 parties interested
3 enfranchisements	394	100
—	—	—
15 transactions	3,687	884

Total in progress:

23 new regularisations	8,110	684
21 enfranchisements	8,927	900
—	—	—
44 transactions	17,937	1,584

Besides 14 regularisations and 8 enfranchisements projected.

(5) *Styria*.

At the end of 1913, formally completed:

15 enfranchisements bearing on	3,793 ha., and	21 parties interested
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In an advanced stage:

20 new regularisations	7,755	199
28 enfranchisements	6,799	145
—	—	—
48 transactions	14,554	344

In the first stage :

8 new regularisations	bearing on	4,686 ha., and	252 parties interested
12 enfranchisements	" "	2,748 " "	67 " "
20 transactions	" "	7,434 " "	319 " "

Total in progress :

28 new regularisations	" "	12,441 " "	451 " "
55 enfranchisement	" "	12,850 " "	293 " "
83 transactions	" "	25,291 " "	744 " "

Besides 17 regularisations and 28 enfranchisements projected.

(6) *Upper Austria.*

At the end of 1913, there were effectively carried out :

1 new regularisation	bearing on	170 ha., and	93 parties interested
17 enfranchisements	" "	25 " "	53 " "
18 transactions	" "	195 " "	146 " "

In an advanced stage :

2 new regularisations	" "	1,782 " "	50 " "
1 enfranchisement	" "	2 " "	14 " "
3 transactions	" "	1,784 " "	64 " "

Total in progress :

3 new regularisations	" "	1,952 " "	143 " "
18 enfranchisements	" "	27 " "	67 " "
21 transactions	" "	1,979 " "	210 " "

Besides 1 regularisation and 4 enfranchisements projected.

*At the end of 1913:*

State of the work	New Regularisations			Enfranchisements			Total		
	Trans- actions	ha.	Persons interested	Trans- actions	ha.	Persons interested	Trans- actions	ha.	Persons interested
Fully accomplished . . . . .	3	774	106	33	5,277	143	36	6,051	249
In an advanced stage . . . . .	32	13,929	444	66	22,028	1,532	98	35,957	1,976
In first stage . . . . .	28	11,759	1,034	25	4,464	484	53	16,223	1,515
Total . . . . .	63	26,462	1,584	124	31,769	2,159	187	58,231	3,743
Applications . . . . .	47	—	—	25	—	—	92	—	—

## BRITISH-INDIA.

### LAND REVENUE ADMINISTRATION AND TENURES IN BRITISH INDIA.

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#### II. — RELATIONS BETWEEN LANDLORDS AND TENANTS IN SO FAR AS THEY ARE REGULATED BY THE STATE.

We now come to the second main division of our subject, the relations between landholders and their tenants in so far as those are regulated by the State. It must first be pointed out that the necessity for State regulation of the relations between landlords and tenants is a feature of British rule. In pre-British times, the State demanded and took, whenever it could, the full economic rent and there was no room for intermediaries between it and the cultivator. The revenue imposed on the *zamindars* in Bengal at the Permanent Settlement was supposed to represent 90 per cent of their receipts, but as a result of that settlement it now represents not more than 25 per cent of the economic rent, leaving 75 per cent to be enjoyed as net rent by the landholder and other intermediaries between the State and the cultivators. In other provinces the demand has in process of time diminished from 90 per cent to well under 50 per cent of the net assets and it will be seen that this leaves a substantial margin to the landholder. In the early days of British rule, whilst on the one hand the land revenue was high, on the other the pressure of population on the land was light and there was, in consequence no competition for it. The competition was for tenants to cultivate the land. If a landholder had more land than he could cultivate himself, his anxiety was to get tenants for it in order that he might be sure of raising enough to pay the revenue on it. But with more moderate assessments and greater pressure of population, the competition for land became increasingly keen and the relative positions of landlords and tenants were completely reversed.

That of the tenants gradually grew worse and worse until finally the State had to step in on their behalf. How completely the position

changed is shown by the fact that at the time of the Permanent Settlement of Bengal, it was considered that the class which require protection was the *zamindars* not their tenants. In 1799, therefore, special powers were given to the *zamindars* to enable them to recover their dues from their tenants.

### § 1. TENANCY LEGISLATION.

#### (a) *In Bengal and Behar. (I)*

The first experiment in tenancy legislation was made in Bengal in 1859. Rights of occupancy were given to tenants in lands which had been cultivated by them for twelve years and the occupancy tenants thus created were protected from enhancement of rent except on certain specified grounds. The landlord's powers of distraint for arrears of rent were also restricted. These measures failed however to give the requisite measure of protection and a much more complete Act was passed in 1885 which has served as a model for similar legislation in the other provinces in which it has been found necessary. Under the Act of 1885, every tenant who holds any land in a village for twelve years acquires thereby a right of occupancy in all the land he may hold in that village. From four-fifths to nine-tenths of the tenants in Bengal possess occupancy rights in their land. Enhancement by contract is limited to an addition once in fifteen years of one-eighth the rent previously paid. A Civil Court can enhance rent only on certain specified grounds, the most important of which are that the rate paid is lower than that paid for similar land in the neighbourhood, that there has been a rise in the average local prices of staple food crops since the rent was last fixed, or that the productive powers of the land have been increased by improvements effected at the landlord's expense. If rent is enhanced on either of the two first of these grounds, no further suit for enhancement can be entertained for fifteen years. Whether holdings are transferable or not depends on custom. A small number of tenants in Bengal hold at fixed rates and the remainder are without occupancy rights. Even the latter receive a certain measure of protection. They cannot be ejected except in execution of the decree of a competent court, nor can their rents be enhanced at shorter intervals than five years. Mention should be made of a class in Bengal known as "tenure holders." A "tenure" is an intermediate interest between the *zamindar* and the cultivator; in other words an estate within an estate. Put briefly, the distinction between a tenure holder and an occupancy tenant is that the former

(1) The Bengal Tenancy Act is in force in Bihar. Orissa has a separate Tenancy Act (Bihar and Orissa Act II of 1913). As the area to which this applies is comparatively small, considerations of space have prevented reference to it being made in the text. It may, however, here be said that, in respect of the details of tenancy legislation there given, its provisions in the main follow those of the Bengal Tenancy Act.

has acquired a right to hold land for the purpose of collecting rents or bringing it under cultivation by establishing tenants on it whilst the latter has acquired a right to hold land for the purpose of cultivating it himself. Some tenures date from the Permanent Settlement and these are usually held at a rent or rate of rent which has been fixed in perpetuity. Others have been created since the Permanent Settlement by the *zamindars* themselves either with a view to obtaining relief from the trouble of managing part of their estate or else in the hope that the arrangement will prove more profitable than direct management. In some of these cases a permanent tenure has been created by express grant or by custom. The rent may be enhanced by contract or by suit subject to certain conditions but the tenure can only be terminated by a sale for arrears of rent at the instance of the *zamindar*. In other cases the tenure is a temporary one and then it is not regulated by any provisions in the Tenancy Act but solely by the terms of the contract made between the landlords and the tenure holder. In the permanently settled districts of the United Provinces are found a special class of tenants who hold their land on a heritable and transferable right at a fixed rent and answer therefore to the tenure holders in Bengal. Other tenants in the United Provinces are divided, as in Bengal, into occupancy and non-occupancy tenants, but the word "occupancy" has quite a different connotation in the province of Agra from that which it has in Oudh.

(b) *In Agra.*

The conditions of occupancy tenure in Agra are much the same as they are in Bengal. Occupancy rights are acquired, as in Bengal, by holding land for 12 years, but the manner in which the period is calculated is not exactly the same. In Agra the change of a holding or dispossession for less than a year does not operate as a breach in the period of 12 years and a lease does not prevent the accrual of occupancy rights unless it is for at least 7 years. Rents can only be enhanced by mutual agreement or by order of a revenue court, and once enhanced cannot again be enhanced for 10 years, except that — and here we see the difference between a permanently settled and a temporarily settled Province — they can be altered at the time of the revenue settlement. A landlord who parts with his proprietary rights obtains occupancy rights in his home farms at a privileged rate 25 per cent. below that which is generally paid for similar land in the neighbourhood by occupancy tenants. Other tenants are simply tenants-at-will with no rights or privileges beyond those contained in their leases or agreements.

(c) *In Oudh.*

In Oudh the so called "occupancy tenant" corresponds to the proprietary tenant in Agra and no tenant can acquire occupancy rights by prescription. The rent of an occupancy tenant cannot be enhanced



beyond a rate  $12\frac{1}{2}$  per cent below that paid for similar land in the neighbourhood by cultivators with no such right, and once enhanced cannot be enhanced for five years or until the next revenue settlement. As regards non-occupancy tenants, any person admitted to the cultivation of land is entitled to hold it for seven years at the same rent, and at the end of that period the rent cannot be enhanced by more than  $6\frac{1}{4}$  per cent whether let to the sitting tenant or to a new comer.

(d) *In the Punjab.*

The system of occupancy rights in the Punjab is somewhat similar to that prevailing in Oudh. In that province, as in Oudh, occupancy rights cannot be claimed merely on account of lapse of time. They are only given for certain historical reasons. Thus the Punjab Tenancy Act defines as occupancy tenants those who for two generations have paid neither rent nor service to the proprietor but only the share of the land revenue, those who are ex-proprietors, those who had settled along with the founder and aided in the first clearing and those who had been revenue assignees and remained in possession of the land. It is, however, open to anyone to prove any special facts other than these which would give a claim to occupancy right on grounds of law and equity. The classes entitled to occupancy right are given different degrees of privilege according to the general custom and sentiment on the subject. Their rents are limited to a standard based on the land revenue and varying from one-eighth to three-quarters in excess of the assessment. Occupancy rights pass in the direct male line and are only heritable by collaterals in certain circumstances of joint tenure. Non-occupancy tenants are not given any protection by the Punjab Tenancy Act.

(e) *In the Central Provinces.*

The Central Provinces have a tenancy law which gives the tenant a larger measure of protection than they have anywhere else. The proprietors of villages in those Provinces were a more or less artificial creation and it was consequently felt that as they owed their position entirely to Government, there was every justification for strictly limiting their control over their tenancy both in the matter of raising rent and in that of ejectment. Mention should first be made of a class the members of which are not, strictly speaking, tenants at all. They are the proprietors of isolated plots of land in villages over which they have complete heritable and transferable rights. The only connexion between a "plot proprietor" and the proprietor of the village in which his plot is situated is that his revenue is paid to Government by the proprietor of the village, a small commission being paid for collecting it. Of the three classes of tenants proper, the "absolute occupancy tenants" are in the strongest position. Their rent is fixed for the term of the revenue settlement and their rights are heritable and transferable, subject to pre-emption on the part of the landlord. Proprietary rights in

plots and absolute occupancy rights were conferred at the same time as proprietary rights in villages and cannot now be acquired. Absolute occupancy tenants included old hereditary cultivators, those who had once a proprietary character, those who had expended capital, those who had taken part in the founding of a village, and so on. The rent of "occupancy tenants" is also fixed by the Settlement Officer at the Settlement of the land revenue but it is liable to enhancement by a revenue officer at intervals of not less than ten years on the ground that the rent fixed at the last land revenue settlement was less than the full rent assessable or that there has been a rise of prices since the settlement. Occupancy rights are heritable, but are not now transferable except to an heir or a co-sharer resident in the village or by a lease for one year. Until recently they would be acquired by prescription as in Agra and Bengal, but this provision has been abrogated and they can now only be obtained by the payment to the landlord of a premium of  $2\frac{1}{2}$  years' rental. The rents of "non-occupancy tenants" are also fixed at settlement and the Settlement Officer has power to reduce exorbitant rents. Rents can be enhanced seven years after settlement but the enhancement may not exceed 33 per cent of the existing rent. Even the non-occupancy tenure is heritable but only by direct succession and not by collaterals unless they have a share in the holdings.

(f) *In Madras.*

In Madras until comparatively recently the relations between landlords and tenants both in the permanently and temporarily settled tracts were regulated by the simple provisions of an Act of 1865. Since 1908 the permanently settled parts of the Province have come under the operation of an improved and more elaborate Rent Act based on the tenancy legislation in other provinces. The Act conferred occupancy rights on all tenants who at the time when it was passed were in possession of land in an estate other than the private land of the proprietor. As in the Central Provinces, a non-occupancy tenant can obtain occupancy rights by the payment to the landlord of a premium equal to  $2\frac{1}{2}$  times the annual rental. The grounds on which rents can be enhanced are the same as in Bengal and Agra, but the enhancement cannot exceed more than two annas in the rupee and rents once enhanced cannot again be enhanced for twenty years. Occupancy rights are heritable and transferable.

In all provinces an abatement of rents is allowed on the opposite grounds to those which justify an enhancement and in those cases in which Government officers have powers to fix fair rents, their powers include power to reduce as well as to enhance rents. In the temporarily settled provinces, the landlord must pass on the benefit of a suspension or remission of the revenue due to Government to the tenant in the shape of a corresponding suspension of remission of rent.

## § 2. RECOVERY OF ARREARS FROM TENANTS.

The protection accorded by the State to the tenant extends to the recovery of arrears which can only be carried out by proper legal processes. In the Central Provinces, an absolute occupancy tenant and in Bengal and Madras an occupancy tenant cannot be ejected for arrears of rent, but their holdings may be sold in execution of a decree for the arrears passed by the Civil or Revenue Court. In other provinces, both occupancy and non-occupancy tenants can be ejected for arrears but the ejectment must be by notice or suit and the procedure is laid down by the Tenancy Acts. In Bengal, the United Provinces and Madras the landlord has also a remedy by distress. In Bengal and the United Provinces his powers are very limited. The distraint is confined to the crops or other products of the holding in arrear, reaping and threshing may not be interfered with, the arrears for which the distraint is made must not have been due for more than a year and the distraint must either be made through the Court or reported at once for the Court's information. Should the arrears not be paid up and it become necessary to sell the distraint property, the sale can only be carried out by an officer empowered by Government to conduct such sales. In Madras, the landlord's powers are more extensive. In that province, he can distraint on his own responsibility not only the crops and other products of the holding in arrears, but also the movable property of the defaulter with the exception of certain articles such as wearing apparel, cooking vessels, beds, and bedding, agricultural implements and sufficient seed grain to enable the holding to be cultivated during the following cultivation season. As in Bengal and the United Provinces, the distrained property can only be sold by a properly empowered officer. In the Central Provinces and the Punjab, landlords have no powers of distraint, but in the Central Provinces the landlord can prohibit the removal of the produce of a holding pending the institution of a suit for the recovery of the arrears, and in both provinces if the produce of a holding is already under attachment by order of a Civil Court, the landlord may apply to the Court to sell it and pay him the arrears out of the proceeds.

## § 3. POSITION OF TENANTS IN THE RYOTWARI PROVINCES.

In the *ryotwari* provinces where land is cultivated to much larger extent by the landholders themselves and in consequence rents are far less prevalent, special tenancy legislation has not so far been found necessary. In Madras landlords in the *ryotwari* part of the Province have the same powers as regards recovery of rent from their tenants by distraint and sale of movable property as landholders in the permanently settled areas. In Bombay it is prescribed that the relations between landlord and tenant

as they are called, superior and inferior holder — the superior holder being the direct occupant paying revenue to Government and the inferior holder the occupant paying rent to some superior — shall be regulated by agreement and, if such agreement does not exist, then by the custom of the locality. If there is neither agreement nor custom as to the rent or the duration of the tenancy, then the tenant is presumed to hold at such rent as having regard to all the circumstances of the case is held to be just and reasonable. Nothing in the Land Revenue Act affects the right of the superior holder to enhance rent or to evict for non-payment of rent if he has the right to do so by agreement or by usage or otherwise. Superior holders may apply to the revenue authority for the recovery of the rent due to them and this assistance consists in applying the same measures as would be taken to recover land revenue due to Government.

#### § 4. SYSTEMS UNDER WHICH RENT IS PAID IN KIND.

It will have been noticed that the legislative provisions which have been discussed have dealt with rents paid in cash. It must, however, be pointed out that the payment of rent in kind is very common still in all parts of India, especially in the Punjab, though with the development of the country cash rents are more and more taking the place of rents in kind. The most usual system followed in paying rent in kind is that under which the produce is actually divided, the share claimed by the landlord varying from one-half to one-third of the produce after paying various expenses such as payments to reapers, dues to village menials, etc., which would ordinarily fall on the tenant. Another system which although not so common as that just mentioned is frequently met with, represents a transition stage between payment in kind and payment in cash. Under it the standing crop is appraised, the share of the produce due to the landlord is valued in money, and the value is paid instead of delivering the produce. In some cases whilst the rents of the staple crops continue to be paid in kind, cash rates are paid for special crops, such as sugar-cane and fodder. Other rental systems which occur less frequently are those in which a cultivator pays for each plough he works or his rent is regulated by the amount of irrigable land he cultivates and is not affected by the area of dry land in his possession. It is obvious that many of the provisions of the tenancy laws are inapplicable to cases in which rents are paid in kind. Such questions as enhancements or abatements due to rise or fall of prices or to improvements or deterioration in the tenants' holding solve themselves without the assistance of legislation. But subject to the modifications which these circumstances entail, the Tenancy Acts apply equally to tenants whose rents are paid in kind or in cash. It is usually provided that on the application of either of the parties concerned to the proper revenue authority rents paid in kind may be commuted to a cash rent and that disputes about the division or appraisal of the produce may be decided by a revenue officer specially deputed for the purpose.

## III. -- LAND REVENUE ADMINISTRATION.

We come now to the last main division of our subject, the land revenue administration, that is the agency by which the land revenue is collected and by which the records on which its collection is based are maintained. It is not necessary to give a detailed description of the agency by which the revenue is fixed. The assessment of the revenue and the preparation or revision of the "record-of-rights" are carried out by a special staff consisting of a "Settlement officer" and "Assistant Settlement Officers," usually drawn from the ordinary revenue line, to which after a few years' work of settlement they revert, and various subordinates whose experience is as a rule confined to settlement and who move on from district to district with their settlement party, as the re-settlement of the various districts falls due. As has been already pointed out, a district is only settled once in twenty or thirty years, so that settlement work is outside the scope of the ordinary district administration.

## § 1. THE ADMINISTRATIVE AREAS.

(a) *Village administration.*

It will be convenient to start at the bottom and work upwards.

The unit of administration is the village. Each village has an official "headman." In the *zamindari* provinces, elsewhere than in the permanently settled areas, the appointment, as is shown by the title of its holder, which is generally a vernacular derivative from the English word "number," is a more or less artificial one which has been added to the village organisation in comparatively recent times to represent the village in its dealings with the local authorities. The principal, often the only, duty of the "headman," who is usually a hereditary officer, is the collection of the revenue and *carnates*, a percentage of which he receives as remuneration. There may be as many "headmen" as a village has estates or sections and where, as in the Punjab, the number of sectional headmen is sometimes considerable, a single representative of the several representatives is selected. In the Punjab, too, in most districts, the villages are grouped together into circles, each of which is under a non-official of local influence, whose duty it is to render assistance to all Government officials. The post is a purely honorary one. In the Central Provinces the "headman," or if there is more than one a selected "headman," is also the executive head of the village. In the *ryotwari* provinces, the village "headman" is a natural part of the constitution and is still known by the vernacular old titles, which differ according to the different languages. His primary duty is the collection of the revenue but he is not directly responsible for any revenue ex-

and that of his own holdings. Unlike the "headman" in the *zamindari* provinces he has however many other duties. He is often a petty magistrate, and acts as an official arbitrator or a civil court in petty cases. He is also the registrar of births and deaths for the village. The office is usually an hereditary one and still in some cases, especially in Bombay, has an official land holding attached to it. In Madras, as has already been stated, the revenue free holdings, formerly attached to the offices of village headman and village accountant, have recently been released to their holders in absolute property subject to the payment of a quit rent. More important in the official hierarchy than the village headman is the village accountant. In the *ryotwari* provinces there is usually one accountant to a village, but in the north of India where the village records are not so numerous or so detailed, one accountant is appointed to a circle of several villages. In Madras and Bombay the office is usually hereditary. That is also the case to a certain extent in the *zamindari* provinces, where the son of an accountant has the prospect of succeeding to his father's post in preference to other candidates provided he is properly qualified. The accountant is remunerated by a fixed salary. His chief duties are to keep the village accounts of revenue payments, and in *zamindari* provinces also of rent payments, and of items chargeable to the common fund of the village, to have charge of the village map, field registers and other records of landed rights, shares or interest as prepared at the survey or settlement, to keep the village maps up to date and to make inspections from which to obtain the information required to fill up the various statistical returns showing the crops sown and harvested, the number and kind of wells, of cattle groves and orchards. He has also to maintain a record of all changes of land and, except in Madras, where there is no record of rights, has a special register for noting transactions by way of sale or mortgage or under the law of inheritance. He is also bound to report any unusual occurrence such as an epidemic of cattle disease, damage done by locusts, etc. Brief mention should be made of the village menials, the village watchman, the village messenger, the carpenter, blacksmith, potter, barber and so on. Some of these, the watchman and the messenger for example, are remunerated by fixed salaries, others by a share in the grain heap in *zamindari* provinces and by grants of land free of revenue in *ryotwari* provinces.

Next above the accountant comes an official known as the revenue or circle inspector whose duty it is to supervise the work of a number of accountants, to see that they do their inspections, to check their accounts and other registers, to look after the maintenance of boundary marks and so on.

#### (b) *The Tahsil.*

Three or four revenue inspectors' charges form a *tahsil* as it is called in the Punjab, the United Provinces and the Central Provinces. The *tahsil* has a different vernacular name in Madras and Bombay and in Burma the somewhat clumsy and inexpressive word "township" has been adopted

as the English equivalent. The officer in charge of this area is known as the *tahsildar* in all provinces except Bombay and Burma. In the latter province he is the "township officer." The area of the ordinary *tahsil* varies from 400 to 600 square miles. In a large or heavy charge in the north of India the *tahsildar* is given the assistance at his headquarters of a deputy. In Madras and Bombay the deputy is placed in charge of a sub-division of the *tahsil* under the general supervision of the *tahsildar*. In Bengal owing to the history of the Native Administration, the Local revenue sub-divisions of pre-British times had disappeared at the commencement of British rule, and as the land revenue of the Province was fixed in perpetuity it was not considered necessary to replace them. In Bengal, therefore, the village and *tahsil* organisation is non-existent, but the place of the *tahsildars* of other provinces is now, to some extent, taken by Sub-Deputy Collectors who are stationed at the headquarters of the district or of a sub-division of the district and have no separate charges of their own. The *tahsildar* has under him a staff of accountants and treasury clerks for the purpose of receiving the local land revenue and sending it on to the district treasury. The revenue inspectors are, of course, under his supervision. His duties in connexion with land revenue do not comprise the whole of his functions. Thus he is an assessing officer for the purposes of income tax and is connected with the excise administration. He is also frequently a magistrate but with these branches of his activities we are not here concerned.

#### (c) *The District.*

We now come to the district, which is the fundamental administrative unit. The number of *tahsils* which go to make up a district varies greatly. The average to the whole of India is five, but in Madras and Bombay it is as high as between eight and nine. The average area of a district is between four and five thousand square miles, and its average population rather under a million. The districts are largest in Madras and smallest in the United Provinces. The head of the district is known as the Collector and District Magistrate in the older provinces and as Deputy Commissioner in the more recently acquired territories. In the older provinces he is almost always a member of the Indian or Covenanted Civil Service recruited in England, though a few posts are held by native officers of the Provincial Civil Service. In the newer provinces the staff known as the "Commission" may be drawn from the Indian Civil Service, from the Provincial Civil Service or from other sources and also include officers of the Indian army. The duties of a Collector, as far as the administration of land and other revenue is concerned, are thus summed up in the "Imperial Gazetteer of India:" "Apart from the duties immediately connected with the assessment and collection of land revenue and with the village establishments, the Collector is concerned with all matters affecting the condition of the peasantry, he supervises the compilation of the periodical returns of produce and prices, he adjudicates in several provinces on rent and other disputes between landlord and tenant and he makes loans

on behalf of the Government for agricultural purposes. The Collector has also charge of the local administration of excise, income tax, stamp duty and other sources of revenue and he is responsible for the management of the district treasury into which the revenue and other public receipts are paid and from which all local disbursements are made. " This forms only a part of his multifarious activities but it is unnecessary here to describe his magisterial duties or those in connection with Public Works, Forests, Jails, Sanitation and Education. It is sufficient to say that he is expected to interest himself in all matters affecting the well-being of the people. The Collector or Deputy Commissioner is assisted by Assistant Collectors and Assistant Commissioners, like himself members of the Indian Civil Service, or of the Commission, and by officers of the Provincial Civil Service known as Deputy Collectors or Extra Assistant Commissioners. In all provinces, except the Punjab, these officers are placed in charge of part of the district known as the " subdivision," of which the large Madras districts contain as a rule four or five, the other provinces a smaller number. Within that area the sub-divisional officer exercises the powers of a Collector on a smaller scale and subject to the general control of the Collector, and in some instances to specific appeal either to him or the Commissioner. In Bombay and the United Provinces, the sub-divisional officers when not touring in their charges live at the head-quarters of the district. In the other provinces they reside within their jurisdiction. In the Punjab there are with a few exceptions no local charges and the Assistant and Extra Assistant Commissioners reside at the district head-quarters and give the Deputy Commissioner general assistance.

#### (d) *The Divisions.*

In all provinces except Madras, three, four or more districts make up a division under the general superintendence of a Commissioner who forms the channel of communication between the district officers and the Government or the Board of Revenue. He is the appellate authority in land revenue matters from the orders of the Collector or Deputy Commissioner and the first grade of his Assistants; he is charged with the duties of inspection and control, with the sanctioning or refusing certain expenditure and with various matters of appointment or discipline in respect of certain grades of public servants. Land Revenue Settlements in the division are conducted under his supervision.

### § 2. THE ADMINISTRATIVE AUTHORITIES.

#### (a) *The Board of Revenue.*

Between the Commissioner and the Local Government in Bengal, Bihar and Orissa and the United Provinces comes the Board of Revenue consisting of one or two members through which revenue matters pass from



the Commissioner to Government. The place of the Board of Revenue is taken in the Punjab, the Central Provinces and Burma by one or two Financial Commissioners. Madras has a large Board of Revenue consisting of four members who, instead of being Commissioners for separate territorial divisions, are Commissioners for certain subjects — Separate Revenue, Forests, Land Revenue Survey and Settlement, etc. — acting collectively as a Board only in very important cases.

(b) *The Departments of Agriculture and Land Records.*

Two Departments should be mentioned which, though standing outside the district organisation, are yet in close touch with it — the Department of Land Records, whose duty it is to assist the district officers in maintaining the land records and statistical returns and in training the subordinate staff in such matters as survey, and the Department of Agriculture. Each of these Departments is under a Director who may be subordinate either to the Board of Revenue or Financial Commissioner or directly to Government.

(c) *The Local Government.*

Above the Boards of Revenue and Financial Commissioners it is unnecessary to go in any detail for the purposes of this article. The major provinces have a Local Government, the head of which in Madras, Bombay and Bengal is a Governor assisted by three members of Council, in Bihar and Orissa a Lieutenant Governor with three members of Council, and in the United Provinces, Punjab and Burma a Lieutenant Governor. In those which have a Council, one member is in charge of the portfolio of the Revenue and possibly other Departments. The smaller provinces, of which the two most important are the Central Provinces and Assam, have a Local Administration, the head of which is known as the Chief Commissioner. Theoretically Local Governments have somewhat larger power than Local Administrations, but in practice there is now not much difference. In each province the Local Government or Local Administration divide its work of correspondence into departments with Secretaries and Under Secretaries in each. In most of the larger provinces, the work of a Revenue Department occupies the full time of a Secretary and an Under-Secretary.

As regards the Government of India, it is only necessary to say that of the seven members of the Executive Council of the Viceroy or Governor General, one member is in charge of the Department of Revenue and Agriculture and is assisted by a Secretary and Under-Secretary.

APPENDIX I. — *A Brief Bibliography.*

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The Land Revenue Acts and Tenancy Acts of the various Provinces and the Standing Orders of the Board of Revenue, Madras.

APPENDIX II. — *Statement showing Population, area under Cultivation and Land Revenue for each of the Major Provinces in India for the year 1912-13.*

Province		Population	Area under cultivation		Land Revenue	
			Acres.		Rs.	
Madras	Temporarily settled.	29,708,025	21,130,466	5,73,35,714	38,22,351	
	Permanently settled.	8,501,411	6,006,104	66,21,950	4,41,463	
Bombay		18,647,032	19,420,829	3,98,89,682	26,59,312	
Bengal	Temporarily settled.	* 44,588,115	2,433,994	46,12,151	3,07,477	
	Permanently settled.		21,550,805	2,25,07,394	15,00,493	
Bihar and Orissa	Temporarily settled.	* 34,490,084	3,686,564	42,69,383	2,84,625	
	Permanently settled.		21,224,941	1,07,21,671	7,14,778	
United Provinces	Temporarily settled.	41,587,894	31,609,656	6,02,69,298	40,17,953	
	Permanently settled.	5,601,875	3,616,076	54,98,927	3,66,595	
Punjab		19,548,100	23,371,875	3,63,56,483	24,23,795	
Central Provinces		10,864,915	14,877,199	1,01,27,927	6,76,528	
Assam	Temporarily settled.	* 6,713,635	Information not available	74,21,821	4,94,788	
	Permanently settled.			3,76,490	25,099	
Burma		10,575,187	13,420,485	4,66,84,786	31,12,316	

\* The population for temporarily and permanently settled areas is not given separately

## ROUMANIA.

### THE IMPROVEMENT OF LAND IN THE DANUBE INUNDATION ZONE.

#### OFFICIAL AUTHORITIES:

LEGE PENTRU MODIFICAREA. ART. 17-32. DIN LEGEA PENTRU PUNEREA ÎN VALOARE A PĂMÂNTURILOR DIN ZONA DE INUNDATIE A DUMAREI DE LA 21 DECEMBRIE 1910 (Law amending Art. 17-32 of the law of December 21st., 1910 respecting the improvement of the inundation zone of the Danube). - Buletinul Ministerului Agriculturii și Domeniilor, April-March, 1914, Nos. 1-2 and Nos. 8-10) November, 1910-January, 1911. Bucharest.

#### § I. GENERAL REMARKS.

It is well known that the lower part of the valley of the Danube, or speaking more exactly, the portion lying between Oltenitsa, opposite Sîrîstria and the mouth of the large river, although exceptionally damp and fertile, is not adapted to regular agricultural exploitation on account of the irregularity of the water supply owing to the frequent inundations of the Danube.

The necessity of controlling the water supply and thereby rendering a vast extent of country suitable for cultivation has been felt for many years and especially from the moment when Roumania entered on the new course which was in a short time to transform her into one of the most important agricultural centres of Europe. It was a question of saving and reviving entire provinces, and notably Dobruja and the delta of the Danube. The solution of so important and vast a problem could not be left to private initiative which has not at its disposal either the necessary resources or enterprise. It is thus that upon the State devolved the most important part of the duty of preparing and carrying out of the work, as well as of obtaining the funds necessary for bringing to a successful conclusion this scheme which is of the greatest public utility.

Thus on December 18th., 1910, the Roumanian Parliament passed a law for the improvement of the Danube inundation zone, instituting a special service of land improvement and fixing the aims, as well as regulating the studies and the methods of work of this service.

The law of 1910 has recently been amended by a new law promulgated on April 2nd., 1914, as regards the funds necessary for the execution of the work and for the improvement of the land. In the following paragraphs, we shall consider in detail these very important laws.

## §. 2. THE OFFICE OF LAND IMPROVEMENT.

The Office of Land Improvement, instituted, as we have said, by the law of 1910, is a division of the Department of Agriculture and Crown Lands and is placed under the direct supervision of the Department, having at its head a Director General and a Council of Administration.

The objects of the Land Improvement Office are many and various; the principal are study, the preparation of designs for the construction of dykes and engineering works necessary for the draining, amelioration and reclamation of the land in the portion of the plain of the Danube which is subject to inundation, as well as the execution of works connected therewith and the preservation of existing constructions. These works are carried out wherever they are necessary, both on State property and on that of private individuals.

The Director of the Office of Land Improvement is a General Director appointed by the Minister of Agriculture and Crown Lands. The Administrative Council is composed of 9 members of whom six are appointed by virtue of a royal decree by the Minister of Agriculture, while the three others are members by right of offices they hold: the Director General of the Roumanian Hydraulic Service and River Navigation, the Director of Fisheries at the Department of Agriculture and the Head of the Military Staff. The six first members are: a member of the Superior Council of Hygiene, three country proprietors of districts exposed to the inundations, an engineer and general inspector of the technical council of the Department of Public Works and a magistrate.

The members of the Administrative Council of the Office of Land Improvement remain in office for 5 years. As regards the work of the General Director and of the Administrative Council of this Office, we shall not speak of their purely administrative functions, but shall briefly mention those of a technical character.

Amongst the duties of the General Director we may mention :

(1) The direction and elaboration of schemes, of studies and works and the maintenance of already existing works.

(2) The drawing up of deeds, contracts, transactions, and agreements of every kind in accordance with the decisions of the Administrative Council.

(3) The authorisation of expenditure, leases or rents of which the amount does not exceed 5,000 lei (1).

(1) 1 lei = 1 franc.

The Administrative Council has an advisory and executive character. It gives its opinion on the different projects elaborated under the supervision of the General Director; it pronounces in regard to the legality of the constitution of syndicates, passes judgment on the possibility of executing the works proposed by the latter, and composes any differences of opinion which may arise. Further, it pronounces on the additional value that will result from the proposed work, and on the credit which can be given by the State for such a work etc.

Such, in general outline, is the constitution of the Office of Land Improvement and the programme it carries out. It must not be forgotten that it acts under the absolute and constant control of the Department of Agriculture, that the Minister himself can take part in the meetings of the Council as president, and finally, that no opinion or decision emanating from the General Director, or the Council of Administration, can have force without the approbation of the Minister.

### § 3. THE SYNDICATES AND EXPROPRIATIONS.

If all the districts where the works are to be carried out belong to the State, the execution and maintenance of the works naturally devolve upon the Government, and more especially form a charge against the Department of Agriculture and Crown Lands. The execution of the work is entrusted to the Office of Land Improvement.

But if a part only of the land to be improved belongs to the State and the rest belongs to private individuals, the Department of Agriculture can form with the various proprietors a special syndicate regulated by rules in regard to the manner in which the works are to be carried out, the upkeep of the works, the duration of the syndicate, the amount of the expenses falling to the share of each member, the necessary reserve fund to cover the possible destruction of constructions or works etc.

In this case, the studies, schemes and execution of the works are entrusted to the State which also represents the syndicate in law.

There is still another case to be considered; when all the property to be improved belongs to private individuals. Under these circumstances the district may belong to one owner, who has to defray the whole cost of the works under the condition and with the facilities of which we shall speak presently, or there are two or more proprietors who are obliged by law to form a syndicate governed in its turn by special rules, which must contain over and above the information set forth in the rules of the syndicates of which the State is a party, special regulations respecting the constitution of the funds necessary for the execution of the works, to insure that the funds are sufficient to carry out the studies, plans, etc. In every case, the rules of the different syndicates must always provide for the formation of a reserve fund to assure the permanent maintenance of existing works, and the formation of a reserve fund for their reconstruction in case of unforeseen accidents.

The rules must be approved by the Department of Agriculture and Crown Lands.

That part of the law of 1910 which deals with expropriations is no less important. These expropriations are authorised in all cases where the Administrative Council of the Service of Land Improvement considers it necessary to execute some works for a given reason, or in a certain locality. The procedure is in accordance with the law of expropriation for public utility; but in all cases the indemnity to be paid for the expropriated area is calculated with reference to the nominal value of the land at the time of expropriation.

Special provision is made to meet the cases where the land of the plain of the Danube or other rivers subject to floods belongs to a Rural Bank. In this case the bank can, if it wishes, sell this property to the State which is obliged to purchase it.

#### § 4. THE FUNDS FOR CARRYING OUT THE WORKS.

As regards the funds for carrying out the works, the law of April 2nd, 1914, while conforming almost entirely to the general principles laid down by the law of 1910, has considerably amended those of the earlier law. These amendments principally concern the making of loans to the Rural Credit Institute. In consequence we shall not speak of the provisions of the law of 1910, but content ourselves with pointing out those which came in force under the law of 1914.

From this point of view also, the law distinguishes two cases, the one where the State is the sole owner or is represented in the syndicate of the proprietors, the other where the land to be improved is entirely the property of private individuals.

In the first case, the necessary funds are obtained by authorising the Department of Agriculture and Crown Lands to open special credits. The latter are covered by the issue of loans guaranteed by the State by means of certificates of stock issued in the country, or abroad, or by mortgages taken up by the Rural Land Credit Institute.

The whole sum which the Department is legally entitled to procure in this manner is 70,000,000 lei, but the expenses as well as the work must be distributed, and the annual expenditure may not exceed 7,000,000 lei, the Department having the power to carry over to next year's account the portion of the sums assigned to it not spent in any particular year.

The duration of the loans contracted by means of an issue of bonds or stock, is 33 years; this limit is not always applicable to loans made by the Rural Land Credit Institute; in that case the terms of the loans are established according to the rules and regulations of that Institution.

In order not to hinder the execution of the works through want of funds the law allows the Department of Agriculture the power to procure certain

sums — to the amount of 5,000,000 lei — from the Deposit and Loan Bank, pending the collection of the results of the issue, or the payment of the loan contracted with the Rural Land Credit Institute. The sums thus borrowed from the Deposit and Loan Bank are in their turn guaranteed either by an issue of bonds, or by means of a new loan from the Rural Credit Institute.

If the State is a member of the syndicate, and always where the expenses of the execution, up-keep, or continuation of the works are directly defrayed by the State, the Department of Agriculture draws up for each of the proprietors interested, estimates showing the necessary expenses of the works. Naturally, the proprietors are required to contribute to the execution of the latter, whether it is a question of the construction of dykes — a matter of general interest — or of inland drainage works and their maintenance which is an affair of individual interest. These contributions are paid according to the work done, the special technical requirements due to the nature of the soil and the configuration and situation of the land being, of course, taken into consideration.

All works of public interest, which are of importance to several land owners, are obligatory upon the syndicates, which must supply the necessary funds, but they are executed through the agency of the Land Improvement Office. The expenses are divided between the different proprietors according to the advantages accruing to them.

With regard to the syndicates of which the State is a member, we must further mention that the State may advance the sums necessary for beginning and carrying out the works to such proprietors as, at the time when the syndicate is definitely constituted, are not in a position to pay their contributions towards the execution of the work, or to the reserve fund. In any case, these advances are only made in the case of works to be carried out on ground of which the value can be increased, so that this land may represent a sufficient guarantee for the repayment of the sums advanced.

In this case, the Department of Agriculture, through the agency of the Office of Agricultural Improvement, before beginning the work, establishes a mortgage sufficient to cover the anticipated cost of work and the portion of the reserve fund advanced by it.

The mortgage accepted under these conditions is provisional, for it only covers a sum approximately fixed in the estimates; when the work is settled, the mortgage is modified according to the actual amount of the expenses incurred, and the existing amount of the reserve fund.

The definite reserve fund is obtained by increasing, or decreasing, according to circumstances, the anticipated sum paid in at the beginning of the work, in such a manner that it represents 15 per cent. of the actual value of the work done.

Neither the various owners who contribute to its formation nor the syndicates reserve any right over the reserve funds thus constituted, for they belong exclusively to the Office of Land Improvement.



The reserve fund is placed in the Bank of Deposits and Loans, in State bonds, or in rural land mortgage bonds and serves, as we have already had occasion to mention, as a fund to meet the expenses of important repairs, or of the reconstruction of works rendered necessary by unforeseen contingencies.

The debt of the proprietors to the State is paid in annual instalments, on the same terms, and at the same rate of interest as that paid by the State to repay the debt it contracts in order to make the advances.

The provisions of the new law, as far as they concern the carrying out of work by private individuals, or by syndicates of which the State is not a member, do not differ in substance from those which we have set forth above. In every case, the Department of Agriculture reserves to itself the most complete control as regards the approval of the schemes or the superintendence of the execution of the work.

We must note in conclusion that when the State undertakes the maintenance of completed works, or their reconstruction in case of accident, whether it is one of the members of the syndicate or not, neither the proprietors interested, nor the syndicate in their name, can demand any indemnity. In this case, the State always undertakes to begin the necessary works at once, and so complete them with the least possible delay.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

### CANADA.

THE CANADA YEARBOOK 1913. Published by Order of the Hon. Sir George F. Foster, Minister of Trade and Commerce. Ottawa, 1914. 8vo. pp. XVI + 656, with map and various illustrations and diagrams.

The very rapid development of Canada has been dealt with in numerous publications, but all are not to be relied on, either because they show too clearly that their object is to attract new colonists to the districts still unexploited or because they are rather literary than strictly scientific works.

This official yearbook will serve much better than they to show the progress made, by means of the dry eloquence of the statistical tables of which (except for a part containing a few historical, geographical and demographic particulars) it is almost exclusively composed. So in the field of agriculture, in which we are chiefly interested, we find that the value of the land and of farm buildings had risen from 1,493,269.50 dollars in 1901 to 3,335,575,010 dollars in 1911; adding to these figures those for livestock, dead stock, etc., we see there has been an increase in value from 1,787,102,630 dollars to 4,222,695,387 dollars in the course of ten years. The production of grain increased from 55,572,768 bushels in 1900 to 132,675,682 bushels in 1910. The increased production of grain was accompanied by an improved organization for the distribution and sale of cereals. Thus, while in 1901 only 167 railway stations had elevators and stores (333 and 76 respectively, in which 20,323,272 bushels could be stored), in 1914 there were 347 stations with 689 elevators and 6 stores to hold 23,370,000 bushels. With these figures relating to agriculture correspond those for all the other branches of production, industry, trade, transport, communications, finance, etc., shown in this yearbook and indicating the progress of the country.

ANNUAL REPORT OF THE DEPARTMENT OF AGRICULTURE OF THE PROVINCE OF ALBERTA, 1913. Edmonton (Alberta), 1914, pp. 260 + 11.

This is one of the reports the Departments of Agriculture of the various provinces of Canada publish annually on their work, the general conditions

of agriculture, and the work of the various agricultural institutions in the province.

Alberta is still a new district, in which much land is yet awaiting colonists and the immigrants who arrive there in numbers every year are welcomed: in 1913 47,056 arrived (5.9 % of the whole population), of whom, a very characteristic fact, 25,669 came from the United States. Yet in Alberta, though it must be classed among the comparatively new countries, the organisation of agriculture has been remarkable. This is proved by the above Report which, besides dealing with matters of technical character, also shows the work done by the various associations for livestock improvement, co-operative dairying, the sale of eggs etc. It also contains information on the *Women's Institutes* and generally on the work done by public and private institutions in the professional education of young farmers.

#### BRITISH COLONIES.

HANDBOOKS ON CANADA, AUSTRALIA, NEW ZEALAND AND SOUTH AFRICA. With Maps. Compiled by Walter B Paton, M. A. and issued by the Emigrants' Information Office. London, 1914, 805 pp., 11 maps.

This is a collection, in a single bulky volume, of the Handbooks issued by the Emigrants' Information Office, on Canada, New South Wales, Victoria, South Australia, Queensland, Western Australia, Tasmania, New Zealand and South Africa, together with a Professional Handbook, showing the necessary qualifications in these countries for the exercise of the different professions and a further handbook containing the statutes both of the United Kingdom and of the colonies, relating to emigration, and information regarding the work of the British emigration societies. The large maps which are bound up with the handbooks add greatly to the interest of the collection.

Primarily intended for would-be emigrants, to whom they offer an embarrassing choice of opportunities, the handbooks contain much that is of general interest in regard to the economic organisation of the various colonies and more particularly to the methods of land settlement adopted. All the colonies still have large areas open to colonisation and all offer land on a great variety of different terms in order to meet the tastes or the circumstances of all desirable classes of settlers.

## ERITREA.

SPORI (Prof. ANGELO): *Manuale di Legislazione della Colonia Eritrea. (Handbook of Legislation of the Colony of Eritrea)*. Vol. 7, Svo. Rome, "L'Universelle", 1914.

This Handbook, published by the Colonial Department, not only contains, in chronological order, all the laws, regulations and decrees issued for the Colony of Eritrea, since the beginning of its colonisation by the Italians up to November 20th., 1912, but also the treaties, agreements, conventions, orders, instructions and circulars concerning it, so as to show the progressive development of the colony from the point of view of law and administration. It will prove of the greatest use to those who interest themselves in colonial matters either on scientific or practical grounds.

## UNITED STATES.

BUCK (S. J.): *THE GRANGER MOVEMENT*. 1 vol. Svo., 351 pp. The Harvard University Press, Cambridge, 1913.

The author of *The Granger Movement* explains at the outset that he has not attempted to write a history of the "Grange," as the Order of Patrons of Husbandry is popularly called. His book is described in a subtitle as, "A study of agricultural organization and its political, economic and social manifestations," and deals with the general agrarian movement of the period from 1870 to 1880, which centered round the Grange and which, in the public mind at least, is indissolubly connected with that order.

The period dealt with is perhaps the most interesting, and it is certainly in many ways the most critical, through which American agriculture has passed. It was a period of great expansion and of technical advance, but, at the same time, of financial uncertainty, political unrest and economic discontent. The farmers suffered in common with other classes in the country from the unstable condition of the currency and the accompanying speculation, from the high tariff, from heavy taxation, and from the diversion of an enormous amount of capital from various uses into railway construction; while in addition they had grievances of their own, particularly against the railway companies, and the so-called Granger movement is generally associated with the fight against railway monopoly and the beginning of anti-trust legislation. It is not surprising, therefore, that Professor Buck has devoted three chapters of his book—more than a hundred pages—to a discussion of the railway agitation and Granger legislation. One chapter deals with the history of the Grange from the founding of the

Order in 1867 to the year 1880 ; another is devoted to Grange co-operative enterprises ; and a third to the social and educational activities of the Order.

The value of the study is enhanced by the addition of a Bibliography extending to nearly forty pages.

The author's method of presenting his material is thoroughly sound and scholarly. The result is an eminently readable study of a movement which has had a profound influence on the development of agricultural organisation in the United States.

#### UNITED STATES.

WAUGH (FRANK A.): *Rural Improvement*. New York, 1914. The Orange Judd Company. 8vo, 250 pp. ill.

The author of *Rural Improvement* has written a number of books of a type which is sufficiently well indicated by their titles, — *Landscape Gardening*, *The American Apple Orchard*, *The Landscape Beautiful*, *The Beginner's Guide to Fruit Growing*, etc. It is for this reason perhaps that he has succeeded where others have failed and has written a really practical and useful manual on rural improvement, which he defines as "the principles of civic art applied to rural conditions including village improvement and the betterment of the open country." Mr Waugh does not discuss *why* the country should be improved : he shows *how* it may be improved, and deals with the very definite problems of planning roads and streets, laying out public gardens and recreation grounds, planting roadside trees, building village schools and public halls. These he treats as technical questions and suggests, advises and criticises, illustrating his argument with a large number of plans and photographs.

At the same time he recognises that the problem of rural improvement is not simply a technical problem to be solved by the architect and the landscape gardener. It is not only a question of how to do things, but also of how to get things done ; and the author, therefore discusses in the final chapters of his book the best methods of securing the co-operation of all the members of a community in carrying out improvement programmes.

RUGGERI ALFREDO, gerente responsabile.

